

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

EXAMINATION REPORT

OF

PRAIRIE TOWNSHIP

LAPORTE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
12/27/2007



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Examination Results and Comments:	
Official Bond .....	6
Bank Account Reconciliations .....	6
Deposit of Public Funds.....	6
Receipt Issuance .....	7
Township Trustee's Report of Receipts and Disbursements	
For the Calendar Year (Form 15 – Annual Report) .....	7
List of Employees Not Filed With County Treasurer .....	7
Certified Report Not Filed .....	7
Disbursement Documentation .....	8
Appropriations.....	8
Payroll.....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lynne Shei	01-01-03 to 12-31-10
Chairman of the Township Board	Chester Rosenkranz	01-01-05 to 12-31-07



**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, 2005 to December 31, 2006. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Except as discussed in the following paragraphs, 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.

We were unable to obtain representation from the Township's management, representations attesting to the fair presentation of the financial information and certain other representations relating to the financial matters of the Township.

In addition, not all of the underlying evidence to support the transactions recorded in the Township's general ledger were presented for examination.

Since management's representations and certain underlying evidence were not available for examination as described in the preceding paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial information of the Township for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 5, 2007

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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 13,266	\$ 13,062	\$ 11,880	\$ 14,448
School General	1,464,169	517,338	233,098	1,748,409
Dog	318	22	18	322
Township Assistance	14,040	3,001	-	17,041
Firefighting	(2,024)	42,550	32,000	8,526
Transportation	45,714	77,233	43,906	79,041
Special Education Preschool	2,921	3,236	2,619	3,538
Ed. License Plates	371	19	-	390
Riverboat	29,237	9,337	5,927	32,647
Totals	<u>\$ 1,568,012</u>	<u>\$ 665,798</u>	<u>\$ 329,448</u>	<u>\$ 1,904,362</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 14,448	\$ 11,100	\$ 10,736	\$ 14,812
School General	1,748,409	408,790	162,198	1,995,001
Dog	322	-	-	322
Township Assistance	17,041	2,404	-	19,445
Firefighting	8,526	27,733	32,000	4,259
Transportation	79,041	49,672	67,255	61,458
Special Education Preschool	3,538	380	-	3,918
Ed. License Plates	390	38	-	428
Riverboat	32,647	6,282	2,400	36,529
Totals	<u>\$ 1,904,362</u>	<u>\$ 506,399</u>	<u>\$ 274,589</u>	<u>\$ 2,136,172</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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

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

Tax Levies and Rates for 2007

Due to delays caused by trending of assessments, the assessed valuations of LaPorte County have not been finalized. Therefore, the 2006 pay 2007 property tax rates and levies, as well as related budget orders for 2007, have not yet been established as of November 5, 2007.

PRAIRIE TOWNSHIP, LAPORTE COUNTY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

Official bonds for the Township Trustee were not filed with the County Recorder for 2005 and 2006.

Indiana Code 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 . . ."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination for the year 2005 and for January through June of 2006. The outstanding checks used in the December 31, 2006, reconciliation were not verified because the subsequent months bank statements and the related canceled checks were not presented for examination.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

The August 2005 local tax distribution dated August 5, 2005, in the amount \$54,920 was receipted to the record and deposited 146 days after the distribution date.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

RECEIPT ISSUANCE

Receipts were not used to account for receipt of funds.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWNSHIP TRUSTEE'S REPORT OF RECEIPTS AND DISBURSEMENTS FOR  
THE CALENDAR YEAR (FORM 15 - ANNUAL REPORT)

The Township Trustee did not file a Township Trustee's Report of Receipts and Disbursements for the Calendar Year (Form 15 - Annual Report) for the year 2005.

The form 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 thirty days after the close of each fiscal year. The report must be published, within four weeks after the third Tuesday after the first Monday in January, one time in accordance with IC 5-3-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

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.

Indiana Code 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 NOT FILED

The Township did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the State Board of Accounts for the years 2005 and 2006.

Indiana Code 5-11-13-1 states in part: "Every . . . township . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

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

DISBURSEMENT DOCUMENTATION

A review of the disbursement documents disclosed the following:

- (1) Invoices for 2006 were not presented for examination.
- (2) 2005 Invoices did not reference check numbers issued for payment.
- (3) Duplicate check copies were presented for checks issued from January to September 2005. Duplicate checks copies were not presented for checks issued from October 2005 to December 2006.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Transportation	2006	<u>\$ 5,253</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

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

PAYROLL

W2's or 1099's were not presented for examination. The records show that payments were made to the Indiana Department of Revenue and the US Treasury for payroll withholdings; however, payroll reports were not 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, Page 13)

PRAIRIE TOWNSHIP, LAPORTE COUNTY  
EXIT CONFERENCE

The contents of this report were sent on November 1, 2007, to Lynne Shei, Trustee, via certified mail with an Exit Conference date of November 5, 2007. As of November 8, 2007, there was no response received from Lynne Shei.