

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

FRANKLIN TOWNSHIP

HENRY COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

09/27/2006

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OFFICIALS

Office

Official

Term

Trustee

Debra Barnes

01-01-03 to 12-31-06

Chairman of the
Township Board

Rose Hoffman

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FRANKLIN TOWNSHIP, HENRY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Franklin Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 10, 2006

FRANKLIN TOWNSHIP, HENRY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 20,991	\$ 10,817	\$ 19,119	\$ 12,689
Dog	356	40	56	340
Township Assistance	18,524	8,511	1,945	25,090
Firefighting	11,603	46,606	32,000	26,209
Cumulative Fire	43,156	17,905	9,068	51,993
Levy Excess	198	-	-	198
Totals	<u>\$ 94,828</u>	<u>\$ 83,879</u>	<u>\$ 62,188</u>	<u>\$ 116,519</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 12,689	\$ 15,444	\$ 9,960	\$ 18,173
Dog	340	31	40	331
Township Assistance	25,090	-	7,937	17,153
Firefighting	26,209	23,563	34,069	15,703
Cumulative Fire	51,993	9,060	50	61,003
Levy Excess	198	119	119	198
Totals	<u>\$ 116,519</u>	<u>\$ 48,217</u>	<u>\$ 52,175</u>	<u>\$ 112,561</u>

The accompanying notes are an integral part of the schedules.

FRANKLIN TOWNSHIP, HENRY COUNTY
NOTES TO SCHEDULES

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.

FRANKLIN TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

ADVANCE PAYMENTS

Dates of transactions indicate that payments of salaries to township officials and employees were made prior to time worked. Payments to the Trustee for township office rent were also paid in advance of the time the office space was used.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FUND SOURCES AND USES

The financial and appropriations records indicated that funds were disbursed in 2005 from the Township Assistance Fund for the Township Trustee's salary in the amount of \$6,825. The total salary paid to the Township Trustee was approved by the Township Board as documented in the salary resolution. (See Trustee Official Response on page 8)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of capital assets using General Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FRANKLIN TOWNSHIP, HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Debra Barnes, Trustee. The official response has been made a part of this report and may be found on page 8.

*Franklin Township Trustee
Debra Barnes
PO Box 3
Lewisville, IN 47352
(765) 987-7375*

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204

Official Response

Dear Sirs:

In response to the exit audit of 8/10/06.

Funds were disbursed in 2005 from the Township Assistance Fund for the Townships Trustee's salary in the amount of 6825.00.

This is what the annual report shows. This is a coding error on the computer when imputing the salary. I recorded the Assistance Fund instead of the General Fund. When you look at the year end report for Cash Disbursements you can see that the Township Trustee was paid from the General Fund.

Sincerely,

Debra Barnes
Franklin Township Trustee