

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

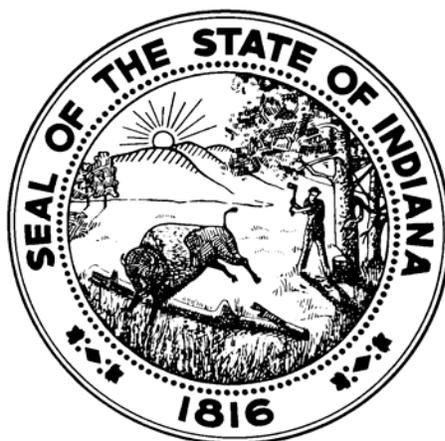
EXAMINATION REPORT

OF

TOWN OF FRANKTON

MADISON COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED
10/13/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Katherine G. Hudson	01-01-04 to 12-31-07
President of the Town Council	Jeff Borum	01-01-05 to 12-31-05
	Lisa Corey	01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FRANKTON, MADISON COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

October 3, 2006

TOWN OF FRANKTON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 89,222	\$ 245,053	\$ 272,598	\$ 61,677
Motor Vehicle Highway	27,006	59,833	58,289	28,550
Local Road and Street	30,619	19,324	18,286	31,657
Park and Recreation	1,360	4,645	946	5,059
Law Enforcement Continuing Education	5,275	478	429	5,324
Police Donations	12,292	450	747	11,995
Food and Beverage	80,000	125,919	125,187	80,732
Cemetery Care Fund	6,064	256	-	6,320
Cumulative Capital Improvement	16,804	7,307	10,090	14,021
Cumulative Capital Development	19,201	9,181	-	28,382
Proprietary Funds:				
Water Utility - Operating	(3,972)	232,028	225,956	2,100
Water Utility - Bond and Interest	19,853	72,000	64,725	27,128
Water Utility - Depreciation	1,017	21,000	20,034	1,983
Water Utility - Customer Deposit	13,070	2,205	2,010	13,265
Water Utility - Construction	2,310	2,500	1,912	2,898
Water Utility - Debt Reserve	1,054	8,000	7,000	2,054
Wastewater Utility - Operating	19,104	294,712	313,742	74
Wastewater Utility - Bond and Interest	217,927	216,035	266,503	167,459
Wastewater Utility - Depreciation	4,868	10,000	10,810	4,058
Wastewater Utility - Construction	8,265	14,000	21,895	370
Wastewater Utility - Debt Reserve	6,525	13,000	15,000	4,525
Electric Utility - Operating	16,593	1,241,570	1,256,635	1,528
Electric Utility - Bond and Interest	10,000	36,000	24,000	22,000
Electric Utility - Depreciation	175	13,000	11,823	1,352
Electric Utility - Customer Deposit	26,448	4,200	3,538	27,110
Electric Utility - Reserve	7,585	9,001	15,000	1,586
Fiduciary Fund:				
Payroll	4,000	340,635	340,635	4,000
Totals	<u>\$ 642,665</u>	<u>\$ 3,002,332</u>	<u>\$ 3,087,790</u>	<u>\$ 557,207</u>

The accompanying notes are an integral part of the schedules.

TOWN OF FRANKTON
NOTES TO SCHEDULE

Note 1. Introduction

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

Note 2. Fund Accounting

The Town 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 or highway use taxes are received 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 Town 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 Town 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 Town 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.

TOWN OF FRANKTON
NOTES TO SCHEDULE
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Town has entered into various debts such as Water Utility Revenue bonds of 1979 for construction and improvements in the Water Utility; Wastewater Utility Revenue bonds of 1989 for construction and improvements in the Wastewater Utility; an Electric Utility loan for an auger truck and a Water Utility loan for plant improvements. The outstanding principal balances at December 31, 2005, were \$267,000, \$270,000, \$55,045, and \$413,111, respectively.

TOWN OF FRANKTON
EXAMINATION RESULT AND COMMENT

APPROPRIATIONS

The records presented for audit indicated the Cumulative Capital Improvement Fund had expenditures in excess of budgeted appropriations in the amount of \$2,701.

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."

TOWN OF FRANKTON
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2006, with Katherine G. Hudson, Clerk-Treasurer; and Lisa Corey, President of the Town Council. The official response has been made a part of this report and may be found on page 9.

TOWN OF FRANKTON

Office of the Clerk Treasurer

P.O. BOX 286

108 EAST SIGLER STREET

FRANKTON, INDIANA 46044

MADISON COUNTY

Phone 765-754-7285

Fax 765-754-8942

October 3rd, 2006

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN. 46204-2765

Dear Auditors:

The contents of this report were discussed on Oct. 3rd, 2006 with all three Councilmembers and the Clerk Treasurer. The official response has been made a part of this report and may be found in this letter.

The Cumulative Capital Funds had a total of \$16,271.00. The Town of Frankton spent a total of \$10,090.47. However the \$2,701.00 should have been posted to CCD not CCI. A correction in this Town Hall roof expense, could have been made if the council had decided to have the Clerk Treasurer do so.

Thank you,

Sincerely,



Katherine G. Hudson
Clerk Treasurer