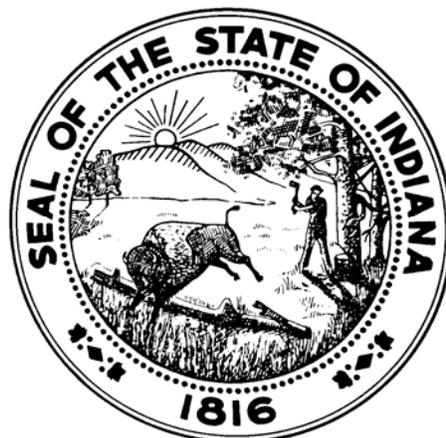


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
FRANKLIN TOWNSHIP
GRANT COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/18/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Kenneth D. Carmichael	01-01-03 to 12-31-06
Chairman of the Township Board	Pamela Buteau Leming	01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FRANKLIN TOWNSHIP, GRANT 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

September 14, 2006

FRANKLIN TOWNSHIP, GRANT 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:				
General	\$ 9,069	\$ 37,160	\$ 44,448	\$ 1,781
Dog	456	101	156	401
Township Assistance	7,925	38,642	42,555	4,012
Firefighting	27,746	17,222	18,668	26,300
Township Assistance Debt	-	7,154	-	7,154
Totals	<u>\$ 45,196</u>	<u>\$ 100,279</u>	<u>\$ 105,827</u>	<u>\$ 39,648</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 1,781	\$ 62,793	\$ 23,736	\$ 40,838
Dog	401	4	105	300
Township Assistance	4,012	102,771	64,054	42,729
Firefighting	26,300	19,086	26,266	19,120
Township Assistance Debt	7,154	16,899	24,053	-
Totals	<u>\$ 39,648</u>	<u>\$ 201,553</u>	<u>\$ 138,214</u>	<u>\$ 102,987</u>

The accompanying notes are an integral part of the schedules.

FRANKLIN TOWNSHIP, GRANT 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, 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, GRANT COUNTY
EXAMINATION RESULTS AND COMMENTS

TRANSACTION RECORDING AND FUND USES

Local tax distributions received in March, May, June, and October of 2004 were not deposited in the bank or posted to the financial records. The distributions, totaling \$45,564, were directly applied to a township assistance loan at a local financial institution. The distributions included General Fund and Firefighting Fund monies in the amounts of \$14,547 and \$12,262, respectively. The General Fund disbursed an additional \$5,623 as a final payment on the township assistance loan.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

CONDITION OF RECORDS

The financial records presented for audit contained errors in posting local tax distributions for 2005. Several of the distributions were not classified in the proper receipt category and the August distribution was posted entirely to the Township Assistance Fund. The General Fund and Firefighting Fund should have received \$441 and 801, respectively.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FIREFIGHTING CONTRACTS

The amounts paid to Swayzee Volunteer Fire Department and Pleasant Township Volunteer Fire Department for 2005 firefighting services exceeded the amounts indicated in the contracts by \$695 and \$127, respectively. A similar comment appeared in prior Audit Report B23454.

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)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FRANKLIN TOWNSHIP, GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2006, with Kenneth D. Carmichael, Trustee. The official concurred with our findings.