

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

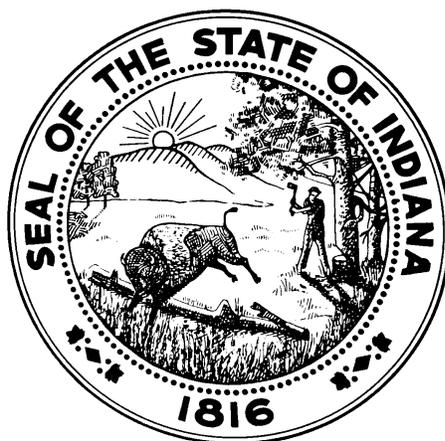
EXAMINATION REPORT

OF

TOWN OF FRANKTON

MADISON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
08/27/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Katherine G. Hudson	01-01-04 to 12-31-11
President of the Town Council	Lisa Corey	01-01-06 to 12-31-06
	Howard Sowers	01-01-07 to 12-31-07
	Jack Alexander	01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Frankton (Town), for the period of January 1, 2006 to December 31, 2007. The Town'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 Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 29, 2008

TOWN OF FRANKTON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 61,677	\$ 287,263	\$ 267,354	\$ 81,586
Motor Vehicle Highway	28,550	71,701	59,660	40,591
Local Road and Street	31,657	20,010	39,915	11,752
Park and Recreation	5,059	30	1,255	3,834
Law Enforcement Continuing Education	5,324	626	1,331	4,619
Police Donations	11,995	450	660	11,785
Food and Beverage	80,732	102,070	100,000	82,802
Cemetery Care Fund	6,320	265	-	6,585
Excess Levy		5,283		5,283
Cumulative Capital Improvement	14,021	6,806	3,351	17,476
Cumulative Capital Development	28,382	9,082	21,676	15,788
Proprietary Funds:				
Water Utility - Operating	2,100	208,792	209,449	1,443
Water Utility - Bond and Interest	27,128	60,000	64,950	22,178
Water Utility - Depreciation	1,983	9,000	9,804	1,179
Water Utility - Customer Deposit	13,265	2,250	2,205	13,310
Water Utility - Construction	2,898	25,414	18,045	10,267
Water Utility - Debt Reserve	2,054	9,000	11,000	54
Wastewater Utility - Operating	74	259,239	257,106	2,207
Wastewater Utility - Bond and Interest	167,459	184,104	219,611	131,952
Wastewater Utility - Depreciation	4,058	30,000	33,122	936
Wastewater Utility - Construction	370	5,000	4,000	1,370
Wastewater Utility - Debt Reserve	4,525	5,000	8,250	1,275
Electric Utility - Operating	1,528	1,294,682	1,268,205	28,005
Electric Utility - Bond and Interest	22,000	34,000	24,000	32,000
Electric Utility - Depreciation	1,352	19,000	15,914	4,438
Electric Utility - Customer Deposit	27,110	4,455	4,765	26,800
Electric Utility - Reserve	1,586	9,000	5,000	5,586
Fiduciary Funds:				
Payroll	-	326,237	326,237	-
Payroll Transfer/Tax	4,000	-	-	4,000
Totals	<u>\$ 557,207</u>	<u>\$ 2,988,759</u>	<u>\$ 2,976,865</u>	<u>\$ 569,101</u>

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

TOWN OF FRANKTON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 81,586	\$ 199,172	\$ 266,927	\$ 13,831
Motor Vehicle Highway	40,591	70,409	106,052	4,948
Local Road and Street	11,752	20,089	-	31,841
Park and Recreation	3,834	10	689	3,155
Law Enforcement Continuing Education	4,619	720	1,332	4,007
Police Donations	11,785	450	11,430	805
Food and Beverage	82,802	83,528	80,000	86,330
Cemetery Care Fund	6,585	372	-	6,957
Excess Levy	5,283	16,964	5,283	16,964
Cumulative Capital Improvement	17,476	6,691	-	24,167
Cumulative Capital Development	15,788	1,299	810	16,277
Rainy Day Fund	-	5,211	-	5,211
Adopt a Pole	-	25	-	25
Proprietary Funds:				
Water Utility - Operating	1,443	201,167	201,492	1,118
Water Utility - Bond and Interest	22,178	64,000	64,150	22,028
Water Utility - Depreciation	1,179	8,000	8,728	451
Water Utility - Customer Deposit	13,310	13,765	11,930	15,145
Water Utility - Construction	10,267	10,000	10,000	10,267
Water Utility - Debt Reserve	54	2,000	-	2,054
Wastewater Utility - Operating	2,207	253,129	252,564	2,772
Wastewater Utility - Bond and Interest	131,952	148,000	149,704	130,248
Wastewater Utility - Depreciation	936	7,000	4,998	2,938
Wastewater Utility - Construction	1,370	2,000	2,743	627
Wastewater Utility - Improvement	1,275	2,000	-	3,275
Electric Utility - Operating	28,005	1,339,997	1,367,915	87
Electric Utility Bond and Interest	32,000	50,000	54,000	28,000
Electric Utility - Depreciation	4,438	13,000	11,843	5,595
Electric Utility - Customer Deposit	26,800	9,700	29,205	7,295
Electric Utility - Reserve	5,586	8,000	5,000	8,586
Fiduciary Funds:				
Payroll	-	293,384	293,384	-
Payroll Transfer/Tax	4,000	-	-	4,000
Totals	<u>\$ 569,101</u>	<u>\$ 2,830,082</u>	<u>\$ 2,940,179</u>	<u>\$ 459,004</u>

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

TOWN OF FRANKTON
NOTES TO FINANCIAL INFORMATION

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, 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).

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.

TOWN OF FRANKTON
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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.

Town of Frankton

Office of the Clerk Treasurer

108 East Sigler Street

Frankton, IN. 46044

Phone (765) 754-7285

Fax (765) 754-8942

Email frankton@longviewcomm.net

Or

Email kathytownct@gmail.com

Schedule of Capital Assets For the Year Ending December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Primary Government

Ending Balance

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 20,482.42
Infrastructure	.00
Buildings	95,643.35
Improvements other than buildings	.00
Machinery and equipment	60,037.17
Construction in progress	.00

Total governmental activities, capital assets not being depreciated

\$ 176,162.94

Business

Business-type activities:

Water Utility:

Capital assets, not being depreciated:

Land	\$ 42,593.06
Buildings	225,572.27
Infrastructure	1,424,982.01
Construction in progress	.00
Machinery and equipment	148,016.58

Total Water Utility capital assets

\$ 1,841,163.92

Business-type activities: (continued)

Wastewater Utility:

Capital assets, not depreciated:

Land	\$	46,193.68
Buildings		1,233,891.82
Improvements other than buildings		1,476,291.67
Machinery and equipment		204,117.67
Construction in progress		.00
Total Wastewater Utility capital assets	\$	2,960,494.84

Electric Utility:

Capital assets, not being depreciated:

Land	\$	11,470.67
Buildings		75,819.95
Improvements other than buildings		1,256,607.75
Machinery and equipment		379,948.48
Construction in progress		.00
Total Electric Utility capital assets	\$	1,723,846.85

**Total business-type activities
capital assets**

\$ 4,684,341.69

TOWN OF FRANKTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Loans:		
Water Plant Improvements	\$ 366,521	\$ 36,000
Rural Development Loan of 1979	<u>235,000</u>	<u>28,300</u>
Total Water Utility	<u>601,521</u>	<u>64,300</u>
Wastewater Utility		
Revenue bonds:		
Construction and Improvement Bonds of 1989	<u>145,000</u>	<u>78,690</u>
Electric Utility:		
Capital loan:		
Auger Bucket Truck	<u>9,031</u>	<u>9,111</u>
Total business-type activities debt:	<u>\$ 755,552</u>	<u>\$ 152,101</u>

TOWN OF FRANKTON
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2008, with Katherine G. Hudson, Clerk-Treasurer; and Jack Alexander, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.