

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

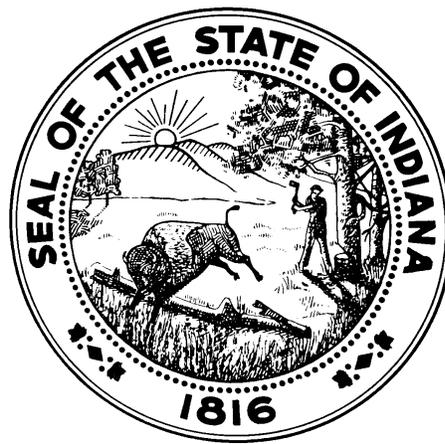
EXAMINATION REPORT

OF

FRANKLIN TOWNSHIP

RANDOLPH COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

10/31/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Allan Holly	01-01-03 to 12-31-10
Chairman of the Township Board	Betty Chalfant Armanda Gegenheimer	01-01-06 to 12-31-06 01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Franklin Township (Township), for the period of January 1, 2006 to December 31, 2007. The Township'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 Township 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.

STATE BOARD OF ACCOUNTS

September 4, 2008

FRANKLIN TOWNSHIP, RANDOLPH COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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:				
Township	\$ 32,872	\$ 14,957	\$ 12,953	\$ 34,876
Township Assistance	49,291	10,193	8,960	50,524
Firefighting	8,309	7,484	15,000	793
Dog	406	36	106	336
Park and Recreation	7,428	-	4,977	2,451
Levy Excess	246	140	-	386
Library	690	2,750	3,000	440
Totals	<u>\$ 99,242</u>	<u>\$ 35,560</u>	<u>\$ 44,996</u>	<u>\$ 89,806</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 34,876	\$ 16,302	\$ 11,334	\$ 39,844
Township Assistance	50,524	11,203	13,245	48,482
Firefighting	793	5,409	5,000	1,202
Dog	336	-	336	-
Park and Recreation	2,451	-	2,217	234
Levy Excess	386	-	-	386
Rainy Day	-	407	-	407
Library	440	4,034	3,000	1,474
Totals	<u>\$ 89,806</u>	<u>\$ 37,355</u>	<u>\$ 35,132</u>	<u>\$ 92,029</u>

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

FRANKLIN TOWNSHIP, RANDOLPH 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. Prior Period Adjustment

The cash and investment balance of the General Fund on December 31, 2005, was reported as \$29,872 in the previous report, due to a \$3,000 overstatement of disbursements for the year then ended. The balance at January 1, 2006, has been changed to \$32,872 to correct that reporting error.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY
EXAMINATION RESULTS AND COMMENTS

DEPOSIT OF PUBLIC FUNDS

Five tax distributions were deposited from nine to twenty-seven days late.

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."

APPROPRIATIONS

Disbursements for the Firefighting Fund exceeded that fund's approved appropriations by \$10,000 in 2006.

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."

CONFLICT OF INTEREST DISCLOSURE

Pam Holly, Township Clerk, is the spouse of Allan Holly, Township Trustee. The Trustee filed Uniform Conflict of Interest Disclosure Statements, but they did not disclose this conflict of interest.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

FRANKLIN TOWNSHIP, RANDOLPH COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (2) of whose support is provided during a year by the public servant."

LISTS OF EMPLOYEES

Officials or employees of the Township had money due from the Township, but a no lists of such employees were 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 from the political subdivision to the treasurer of each county in which the political subdivision is located."

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$44.93 were paid to the Internal Revenue Service on January 7, 2006, for late payment of payroll taxes from 2002.

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, Chapter 13)

FUND SOURCES AND USES

The respective general property tax and license excise tax distributions for the Township Assistance and Firefighting Funds were each receipted to the other fund in 2007. As of December 31, 2007, these errors resulted in a overstatement of the Township Assistance Fund and an understatement of the Firefighting Fund, both in the amount of \$5,658.88.

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)

FRANKLIN TOWNSHIP, RANDOLPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 4, 2008, with Allan Holly, Trustee; and Armanda Gegenheimer, Chairman of the Township Board. The officials concurred with our findings.