

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

EXAMINATION REPORT

OF

FRANKLIN TOWNSHIP

DEKALB COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

01/21/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sandra Harrison	01-01-03 to 12-31-10
Chairman of the Township Board	Duane Houser Loran King	01-01-06 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FRANKLIN TOWNSHIP, DEKALB 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.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 15, 2008

FRANKLIN TOWNSHIP, DEKALB COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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:				
Township	\$ 20,891	\$ 22,970	\$ 25,632	\$ 18,229
Dog	626	327	326	627
Township Assistance	35,910	98	5,010	30,998
Firefighting	46,092	24,069	21,888	48,273
Rainy Day	567	-	-	567
Levy Excess	-	794	-	794
Fire Debt	3,512	-	-	3,512
Cumulative Fire	54,569	9,936	785	63,720
Fiduciary Fund:				
Payroll Withholdings	295	857	857	295
Totals	<u>\$ 162,462</u>	<u>\$ 59,051</u>	<u>\$ 54,498</u>	<u>\$ 167,015</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 18,229	\$ 24,801	\$ 24,597	\$ 18,433
Dog	627	-	627	-
Township Assistance	30,998	3,073	6,790	27,281
Firefighting	48,273	19,964	19,430	48,807
Rainy Day	567	-	-	567
Levy Excess	794	-	-	794
Fire Debt	3,512	-	-	3,512
Cumulative Fire	63,720	12,916	-	76,636
Fiduciary Fund:				
Payroll Withholdings	295	926	897	324
Totals	<u>\$ 167,015</u>	<u>\$ 61,680</u>	<u>\$ 52,341</u>	<u>\$ 176,354</u>

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

FRANKLIN TOWNSHIP, DEKALB 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, 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.

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, DEKALB COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 59,186</u>

FRANKLIN TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS

DEPOSIT OF PUBLIC FUNDS

Distributions received from the DeKalb County Auditor were not deposited timely. Delays in depositing the distributions ranged from 32 to 151 days.

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

The Township had a budgeted appropriation for office rent in the amount of \$5,400 for the year 2006. The Township paid J & S Farms \$5,900 for office rent during the year 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."

ADVANCE PAYMENTS

The Franklin Township Trustee made advance payments for both rent and payroll. The Trustee paid J & S Farms (spouse's business) \$5,500 for rent on January 4, 2007. The budgeted amount for the year was \$6,000. Franklin Township pays payroll quarterly. The Trustee was paid in advance for three of the eight quarters, and the Clerk was paid in advance for five of the eight quarters.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Franklin Township Trustee issued an IRS form 1099 to J & S Farms for rental income for the year 2006 in the amount of \$4,800. The actual amount paid to J & S Farms was \$5,900 resulting in an underreported amount of \$1,100.

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)

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

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

Franklin Township paid \$800 for cemetery care in 2007 without a signed contract.

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)

OFFICIAL BOND

The official bond for the Franklin Township Trustee was not on file in the County Recorder's office.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

EXCESSIVE OR UNREASONABLE COSTS

The Trustee paid \$362 for subscriptions to The Evening Star, and The Butler Bulletin, both local newspapers. The papers were delivered to the Trustee's personal home. The Trustee reimbursed the Township on December 9, 2008.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FRANKLIN TOWNSHIP, DEKALB COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2008, with Sandra Harrison, Trustee. The official response has been made a part of this report and may be found on page 10.

December 9, 2008

State Board of Accounts
Auditor

To Whom It May Concern:

I do not agree with the State Board of Accounts determination that the newspaper subscriptions should not be charged to the township as an expense. I do not read the papers except to keep in touch with what is going on in and around the township. The papers are a tool for my job. It is important to know what is happening in the community that you serve and reading the newspaper is one of the best ways to do that. I do not think that denying that this is a tool for local government is a legitimate determination.

Respectfully,

Sandra Harrison
Sandra Harrison