

B36076

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

EXAMINATION REPORT
OF
FRANKLIN TOWNSHIP
GRANT COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/13/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Examination Results and Comments:	
Condition of Records	6
Overdrawn Cash Balance.....	6
Public Records Retention	7
Penalties, Interest, and Other Charges	7
Exit Conference.....	8

OFFICIALS

Office

Official

Term

Trustee

Daniel D. Walls

01-01-07 to 12-31-10

Chairman of the
Township Board

Brian Miller

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Franklin Township (Township), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 24, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 69,584	\$ 22,325	\$ 44,928	\$ 46,981
Township Assistance	(20,932)	121,892	107,158	(6,198)
Firefighting	<u>26,156</u>	<u>21,403</u>	<u>14,817</u>	<u>32,742</u>
Totals	<u>\$ 74,808</u>	<u>\$ 165,620</u>	<u>\$ 166,903</u>	<u>\$ 73,525</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 46,981	\$ 19,776	\$ 35,270	\$ 31,487
Township Assistance	(6,198)	102,762	57,141	39,423
Firefighting	<u>32,742</u>	<u>17,899</u>	<u>15,200</u>	<u>35,441</u>
Totals	<u>\$ 73,525</u>	<u>\$ 140,437</u>	<u>\$ 107,611</u>	<u>\$ 106,351</u>

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

FRANKLIN TOWNSHIP, GRANT 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. 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

CONDITION OF RECORDS

The following deficiencies relating to recordkeeping and reporting were noted. A similar comment appeared in prior Report B33364.

- (1) Beginning and ending fund balances on the 2009 Township Annual Financial Report (Township Form 15) did not agree with the computerized accounting system records. Also, Township Assistance Fund receipts and Township Fund disbursements on the 2009 Township Annual Financial Report detailed reports did not agree with the computerized accounting system records.
- (2) The January 1, 2007, fund balances posted to the computerized accounting system did not agree with the December 31, 2006, balances posted in the manual Financial and Appropriation Record (Township Form 1C). The fund balances of the Firefighting Fund and the Township Assistance Fund were erroneously switched and was not corrected as of December 31, 2009.
- (3) A transfer of \$13,031 was made from the Township Fund to the Township Assistance Fund at December 31, 2008, without supporting documentation.
- (4) Financial Institution Tax distributions in 2009 were posted entirely to the Township Fund. The Firefighting Fund should have received \$28 in Financial Institution Tax. The first distribution of Commercial Vehicle Excise Tax in 2009 was posted entirely to the Township Fund. The Firefighting Fund and the Township Assistance Fund should have received Commercial Vehicle Excise Tax of \$38 and \$332, respectively.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

OVERDRAWN CASH BALANCE

The cash balance of the Township Assistance Fund was overdrawn by \$6,198 at December 31, 2008. A similar comment appeared in prior Report B33364.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

PUBLIC RECORDS RETENTION

Payroll form W-2's were not presented for examination for 2008. Form 1099's were not presented for examination for 2008 or 2009. A similar comment appeared in prior Report B33364.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for examination indicates that amounts remitted to the United States Department of Treasury and the Indiana Department of Revenue were not always paid in a timely manner.

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, GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 24, 2010, with Daniel D. Walls, Trustee; and Pamela J. Hutchinson, Township Clerk. The officials concurred with our findings.