

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF FRANKTON

MADISON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
10/15/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Katherine G. Hudson Jack R. Brown	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Howard Sowers Jack Alexander Hobart R. Chandler	01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Town of Frankton (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2011 and 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 27, 2012

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF FRANKTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 41,242	\$ 442,660	\$ 314,227	\$ 169,675
Motor Vehicle Highway	55,076	92,510	125,744	21,842
Local Road and Street	13,410	18,136	23,000	8,546
Law Enforcement Continuing Education	3,820	1,694	-	5,514
Park and Recreation	4,998	13,406	6,661	11,743
Rainy Day	7,116	851	-	7,967
Excess Levy	-	393	-	393
NSF CK Fund	(183)	1,973	1,790	-
Cumulative Capital Improvement	9,411	5,680	-	15,091
Cumulative Capital Development	4,709	7,712	850	11,571
Police Donations	2,966	3,768	1,095	5,639
Cemetery Care	7,621	72	-	7,693
Food and Beverage	89,961	466	-	90,427
Payroll	-	333,967	333,967	-
Payroll Transfer/Tax	4,000	-	-	4,000
Electric Operating	67,685	1,556,379	1,568,363	55,701
Electric Depreciation	4,490	12,000	6,063	10,427
Electric Meter Deposits	43,352	13,470	9,753	47,069
Electric Reserve	23,586	8,000	-	31,586
Sewage Operating	35,454	254,665	245,114	45,005
Sewage Depreciation	13,201	34,000	38,590	8,611
Sewage Construction	627	-	-	627
Sewage Debt Reserve	14,275	22,000	-	36,275
Water Operating	2,362	218,245	218,086	2,521
Water Bond and Interest	23,253	69,000	89,050	3,203
Water Depreciation	609	9,000	9,263	346
Water Meter Deposits	18,545	5,070	3,655	19,960
Water Plant Construction	358	31,165	-	31,523
Water Debt Reserve	54	-	-	54
Totals	<u>\$ 491,998</u>	<u>\$ 3,156,282</u>	<u>\$ 2,995,271</u>	<u>\$ 653,009</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FRANKTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 169,675	\$ 369,580	\$ 379,492	\$ 159,763
Motor Vehicle Highway	21,842	90,024	91,716	20,150
Local Road and Street	8,546	17,497	15,705	10,338
Law Enforcement Continuing Education	5,514	668	1,293	4,889
Park and Recreation	11,743	8,324	8,056	12,011
Rainy Day	7,967	29	-	7,996
Excess Levy	393	-	393	-
Cumulative Capital Improvement	15,091	5,471	5,000	15,562
Cumulative Capital Development	11,571	12,722	20,058	4,235
Police Donations	5,639	3,432	6,948	2,123
Cemetery Care	7,693	49	-	7,742
Food and Beverage	90,427	15,437	-	105,864
Payroll	-	326,891	326,891	-
Payroll Transfer/Tax	4,000	-	-	4,000
Electric Operating	55,701	1,600,832	1,597,849	58,684
Electric Depreciation	10,427	10,000	10,439	9,988
Electric Meter Deposits	47,069	11,580	9,035	49,614
Electric Reserve	31,586	99	-	31,685
Sewage Operating	45,005	242,889	217,422	70,472
Sewage Depreciation	8,611	29,000	30,563	7,048
Sewage Construction	627	-	-	627
Sewage Debt Reserve	36,275	-	-	36,275
Water Operating	2,521	213,177	214,785	913
Water Bond and Interest	3,203	56,000	40,025	19,178
Water Depreciation	346	8,500	8,105	741
Water Meter Deposits	19,960	4,290	3,250	21,000
Water Plant Construction	31,523	-	22,430	9,093
Water Debt Reserve	54	-	-	54
Totals	<u>\$ 653,009</u>	<u>\$ 3,026,491</u>	<u>\$ 3,009,455</u>	<u>\$ 670,045</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FRANKTON  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received

TOWN OF FRANKTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services and penalties for late payments.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, over-time compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

TOWN OF FRANKTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 STATEMENTS  
(Continued)

State statutes authorize 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 5. Risk Management**

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General Fund	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Park and Recreation	Rainy Day
Cash and investments - beginning	\$ 41,242	\$ 55,076	\$ 13,410	\$ 3,820	\$ 4,998	\$ 7,116
Receipts:						
Taxes	198,291	-	-	-	2,400	-
Licenses and permits	387	-	-	1,350	-	-
Intergovernmental	231,998	89,478	18,106	-	627	809
Charges for services	6,637	-	-	75	-	-
Fines and forfeits	-	-	-	269	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	5,347	3,032	30	-	10,379	42
Total receipts	<u>442,660</u>	<u>92,510</u>	<u>18,136</u>	<u>1,694</u>	<u>13,406</u>	<u>851</u>
Disbursements:						
Personal services	215,430	49,174	-	-	-	-
Supplies	10,867	20,493	-	-	1,581	-
Other services and charges	86,104	51,577	23,000	-	3,108	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	4,500	-	-	1,972	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,826	-	-	-	-	-
Total disbursements	<u>314,227</u>	<u>125,744</u>	<u>23,000</u>	<u>-</u>	<u>6,661</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>128,433</u>	<u>(33,234)</u>	<u>(4,864)</u>	<u>1,694</u>	<u>6,745</u>	<u>851</u>
Cash and investments - ending	<u>\$ 169,675</u>	<u>\$ 21,842</u>	<u>\$ 8,546</u>	<u>\$ 5,514</u>	<u>\$ 11,743</u>	<u>\$ 7,967</u>

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Excess Levy	NSF CK Fund	Cumulative Capital Improvement	Cumulative Capital Development	Police Donations	Cemetery Care
Cash and investments - beginning	\$ -	\$ (183)	\$ 9,411	\$ 4,709	\$ 2,966	\$ 7,621
Receipts:						
Taxes	-	-	-	6,086	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	393	-	5,660	1,626	-	-
Charges for services	-	-	-	-	-	72
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	1,973	20	-	3,768	-
Total receipts	<u>393</u>	<u>1,973</u>	<u>5,680</u>	<u>7,712</u>	<u>3,768</u>	<u>72</u>
Disbursements:						
Personal services	-	-	-	-	480	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	615	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	850	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,790	-	-	-	-
Total disbursements	<u>-</u>	<u>1,790</u>	<u>-</u>	<u>850</u>	<u>1,095</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>393</u>	<u>183</u>	<u>5,680</u>	<u>6,862</u>	<u>2,673</u>	<u>72</u>
Cash and investments - ending	<u>\$ 393</u>	<u>\$ -</u>	<u>\$ 15,091</u>	<u>\$ 11,571</u>	<u>\$ 5,639</u>	<u>\$ 7,693</u>

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Food and Beverage	Payroll	Payroll Transfer/Tax	Electric Operating	Electric Depreciation	Electric Meter Deposits
Cash and investments - beginning	\$ 89,961	\$ -	\$ 4,000	\$ 67,685	\$ 4,490	\$ 43,352
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	1,453,715	-	-
Penalties	-	-	-	9,726	-	-
Other receipts	466	333,967	-	92,938	12,000	13,470
Total receipts	466	333,967	-	1,556,379	12,000	13,470
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	1,308	6,063	-
Utility operating expenses	-	-	-	1,547,055	-	9,753
Other disbursements	-	333,967	-	20,000	-	-
Total disbursements	-	333,967	-	1,568,363	6,063	9,753
Excess (deficiency) of receipts over disbursements	466	-	-	(11,984)	5,937	3,717
Cash and investments - ending	\$ 90,427	\$ -	\$ 4,000	\$ 55,701	\$ 10,427	\$ 47,069

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Electric Reserve	Sewage Operating	Sewage Depreciation	Sewage Construction	Sewage Debt Reserve	Water Operating
Cash and investments - beginning	\$ 23,586	\$ 35,454	\$ 13,201	\$ 627	\$ 14,275	\$ 2,362
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	241,703	-	-	-	175,500
Penalties	-	6,231	-	-	-	1,618
Other receipts	8,000	6,731	34,000	-	22,000	41,127
Total receipts	8,000	254,665	34,000	-	22,000	218,245
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	38,590	-	-	-
Utility operating expenses	-	189,114	-	-	-	140,086
Other disbursements	-	56,000	-	-	-	78,000
Total disbursements	-	245,114	38,590	-	-	218,086
Excess (deficiency) of receipts over disbursements	8,000	9,551	(4,590)	-	22,000	159
Cash and investments - ending	\$ 31,586	\$ 45,005	\$ 8,611	\$ 627	\$ 36,275	\$ 2,521

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Water Bond and Interest	Water Depreciation	Water Meter Deposits	Water Plant Construction	Water Debt Reserve	Totals
Cash and investments - beginning	\$ 23,253	\$ 609	\$ 18,545	\$ 358	\$ 54	\$ 491,998
Receipts:						
Taxes	-	-	-	-	-	206,777
Licenses and permits	-	-	-	-	-	1,737
Intergovernmental	-	-	-	-	-	348,697
Charges for services	-	-	-	-	-	6,784
Fines and forfeits	-	-	-	-	-	269
Utility fees	-	-	5,070	31,165	-	1,907,153
Penalties	-	-	-	-	-	17,575
Other receipts	69,000	9,000	-	-	-	667,290
Total receipts	<u>69,000</u>	<u>9,000</u>	<u>5,070</u>	<u>31,165</u>	<u>-</u>	<u>3,156,282</u>
Disbursements:						
Personal services	-	-	-	-	-	265,084
Supplies	-	-	-	-	-	32,941
Other services and charges	-	-	-	-	-	164,404
Debt service - principal and interest	89,050	-	-	-	-	89,050
Capital outlay	-	9,263	2,306	-	-	64,852
Utility operating expenses	-	-	1,349	-	-	1,887,357
Other disbursements	-	-	-	-	-	491,583
Total disbursements	<u>89,050</u>	<u>9,263</u>	<u>3,655</u>	<u>-</u>	<u>-</u>	<u>2,995,271</u>
Excess (deficiency) of receipts over disbursements	<u>(20,050)</u>	<u>(263)</u>	<u>1,415</u>	<u>31,165</u>	<u>-</u>	<u>161,011</u>
Cash and investments - ending	<u>\$ 3,203</u>	<u>\$ 346</u>	<u>\$ 19,960</u>	<u>\$ 31,523</u>	<u>\$ 54</u>	<u>\$ 653,009</u>

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General Fund	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Park and Recreation	Rainy Day
Cash and investments - beginning	\$ 169,675	\$ 21,842	\$ 8,546	\$ 5,514	\$ 11,743	\$ 7,967
Receipts:						
Taxes	148,852	37,049	-	-	2,352	-
Licenses and permits	220	-	-	380	-	-
Intergovernmental	202,053	52,008	17,497	-	506	-
Charges for services	-	-	-	90	-	-
Fines and forfeits	5,708	-	-	198	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	12,747	967	-	-	5,466	29
Total receipts	<u>369,580</u>	<u>90,024</u>	<u>17,497</u>	<u>668</u>	<u>8,324</u>	<u>29</u>
Disbursements:						
Personal services	228,817	42,709	-	-	-	-
Supplies	22,707	21,007	-	789	1,312	-
Other services and charges	103,627	28,000	14,987	504	2,479	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	15,800	-	718	-	4,265	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	8,541	-	-	-	-	-
Total disbursements	<u>379,492</u>	<u>91,716</u>	<u>15,705</u>	<u>1,293</u>	<u>8,056</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(9,912)</u>	<u>(1,692)</u>	<u>1,792</u>	<u>(625)</u>	<u>268</u>	<u>29</u>
Cash and investments - ending	<u>\$ 159,763</u>	<u>\$ 20,150</u>	<u>\$ 10,338</u>	<u>\$ 4,889</u>	<u>\$ 12,011</u>	<u>\$ 7,996</u>

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Excess Levy	Cumulative Capital Improvement	Cumulative Capital Development	Police Donations	Cemetery Care	Food and Beverage
Cash and investments - beginning	\$ 393	\$ 15,091	\$ 11,571	\$ 5,639	\$ 7,693	\$ 90,427
Receipts:						
Taxes	-	-	10,772	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	5,471	1,950	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	3,432	49	15,437
Total receipts	-	5,471	12,722	3,432	49	15,437
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	6,948	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	10,058	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	393	5,000	10,000	-	-	-
Total disbursements	393	5,000	20,058	6,948	-	-
Excess (deficiency) of receipts over disbursements	(393)	471	(7,336)	(3,516)	49	15,437
Cash and investments - ending	\$ -	\$ 15,562	\$ 4,235	\$ 2,123	\$ 7,742	\$ 105,864

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Payroll	Payroll Transfer/Tax	Electric Operating	Electric Depreciation	Electric Meter Deposits	Electric Reserve
Cash and investments - beginning	\$ -	\$ 4,000	\$ 55,701	\$ 10,427	\$ 47,069	\$ 31,586
Receipts:						
Taxes	-	-	82,393	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	1,490,478	-	11,580	-
Penalties	-	-	10,763	-	-	-
Other receipts	326,891	-	17,198	10,000	-	99
Total receipts	<u>326,891</u>	<u>-</u>	<u>1,600,832</u>	<u>10,000</u>	<u>11,580</u>	<u>99</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	10,439	-	-
Utility operating expenses	-	-	1,587,849	-	9,035	-
Other disbursements	326,891	-	10,000	-	-	-
Total disbursements	<u>326,891</u>	<u>-</u>	<u>1,597,849</u>	<u>10,439</u>	<u>9,035</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>2,983</u>	<u>(439)</u>	<u>2,545</u>	<u>99</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 58,684</u>	<u>\$ 9,988</u>	<u>\$ 49,614</u>	<u>\$ 31,685</u>

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Sewage Operating	Sewage Depreciation	Sewage Construction	Sewage Debt Reserve	Water Operating	Water Bond and Interest
Cash and investments - beginning	\$ 45,005	\$ 8,611	\$ 627	\$ 36,275	\$ 2,521	\$ 3,203
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	234,810	-	-	-	206,245	-
Penalties	6,658	-	-	-	1,799	-
Other receipts	1,421	29,000	-	-	5,133	56,000
Total receipts	<u>242,889</u>	<u>29,000</u>	<u>-</u>	<u>-</u>	<u>213,177</u>	<u>56,000</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	40,025
Capital outlay	-	-	-	-	-	-
Utility operating expenses	184,000	30,563	-	-	134,940	-
Other disbursements	33,422	-	-	-	79,845	-
Total disbursements	<u>217,422</u>	<u>30,563</u>	<u>-</u>	<u>-</u>	<u>214,785</u>	<u>40,025</u>
Excess (deficiency) of receipts over disbursements	<u>25,467</u>	<u>(1,563)</u>	<u>-</u>	<u>-</u>	<u>(1,608)</u>	<u>15,975</u>
Cash and investments - ending	<u>\$ 70,472</u>	<u>\$ 7,048</u>	<u>\$ 627</u>	<u>\$ 36,275</u>	<u>\$ 913</u>	<u>\$ 19,178</u>

TOWN OF FRANKTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Water Depreciation	Water Meter Deposits	Water Plant Construction	Water Debt Reserve	Totals
Cash and investments - beginning	\$ 346	\$ 19,960	\$ 31,523	\$ 54	\$ 653,009
Receipts:					
Taxes	-	-	-	-	281,418
Licenses and permits	-	-	-	-	600
Intergovernmental	-	-	-	-	279,485
Charges for services	-	-	-	-	90
Fines and forfeits	-	-	-	-	5,906
Utility fees	-	4,290	-	-	1,947,403
Penalties	-	-	-	-	19,220
Other receipts	8,500	-	-	-	492,369
Total receipts	8,500	4,290	-	-	3,026,491
Disbursements:					
Personal services	-	-	-	-	271,526
Supplies	-	-	-	-	52,763
Other services and charges	-	-	-	-	149,597
Debt service - principal and interest	-	-	-	-	40,025
Capital outlay	-	-	-	-	41,280
Utility operating expenses	-	3,250	22,430	-	1,972,067
Other disbursements	8,105	-	-	-	482,197
Total disbursements	8,105	3,250	22,430	-	3,009,455
Excess (deficiency) of receipts over disbursements	395	1,040	(22,430)	-	17,036
Cash and investments - ending	\$ 741	\$ 21,000	\$ 9,093	\$ 54	\$ 670,045

TOWN OF FRANKTON  
SCHEDULE OF DEBT  
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Water:			
Notes and loans payable	Rural Development Loan of 1979	\$ 161,000	\$ 29,025
Notes and loans payable	Water plant improvements	<u>279,033</u>	<u>36,000</u>
Total Water		<u>440,033</u>	<u>65,025</u>
Totals		<u>\$ 440,033</u>	<u>\$ 65,025</u>

TOWN OF FRANKTON  
EXAMINATION RESULTS AND COMMENTS

**OFFICIAL BOND**

During the examination period, the Clerk-Treasurer's bond effective January 1, 2008, was for the amount of \$15,000 but should have been \$30,000 based on 2007 receipts of \$2,830,082 and then should have been increased to \$90,000 based on 2010 receipts of \$3,156,282 when the below statute was changed effective July 1, 2011. The current Clerk-Treasurer's bond effective January 1, 2012, is for the amount of \$30,000 but should be \$90,000 based on 2011 receipts totaling \$3,026,491.

Indiana Code 5-4-1-18(c) states in part:

". . . the fiscal bodies of the respective units shall fix the amount of the bond of . . . town clerk-treasurers...as follows: (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2). (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000). . . ."

**DEPOSITS**

Some collections tested were held two to four days before deposit. One day's collection of \$6,873.23 was held for six days before deposit and one day's collection of \$195 was held 7 days before deposit. In addition, three days of collections were not deposited intact, with cash deposited being \$10, \$25, and \$35 less than the reported cash received.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FRANKTON  
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2012, with Katherine G. Hudson, former Clerk-Treasurer; Jack R. Brown, Clerk-Treasurer; and Howard Sowers, Councilman. The officials concurred with our findings.