

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
FRANKLIN TOWNSHIP
RANDOLPH COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
08/30/2006

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OFFICIALS

Office

Official

Term

Trustee

Allan Holly

01-01-03 to 12-31-06

Chairman of the
Township Board

Betty Chalfant

01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Franklin Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 25, 2006

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 42,094	\$ 10,805	\$ 12,625	\$ 40,274
Township Assistance	29,717	20,293	9,942	40,068
Firefighting	7,051	6,125	5,000	8,176
Dog	439	31	17	453
Park and Recreation	8,407	1,112	216	9,303
Library	2,610	1,112	3,000	722
Levy Excess	172	-	-	172
Totals	<u>\$ 90,490</u>	<u>\$ 39,478</u>	<u>\$ 30,800</u>	<u>\$ 99,168</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 40,274	\$ 6,238	\$ 16,640	\$ 29,872
Township Assistance	40,068	20,270	11,047	49,291
Firefighting	8,176	5,133	5,000	8,309
Dog	453	106	153	406
Park and Recreation	9,303	-	1,875	7,428
Library	722	2,968	3,000	690
Levy Excess	172	246	172	246
Totals	<u>\$ 99,168</u>	<u>\$ 34,961</u>	<u>\$ 37,887</u>	<u>\$ 96,242</u>

The accompanying notes are an integral part of the schedules.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY
NOTES TO SCHEDULES

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.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$472.40 were paid to the Internal Revenue Service on July 28, 2004, for taxes due from 2001, during a previous Trustee's term of office.

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)

APPROPRIATIONS

Disbursements exceeded budgeted appropriations by \$548.79 in the Township General Fund in 2005.

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."

DEPOSIT OF PUBLIC FUNDS

Several tax distributions were not deposited in a timely manner, including one distribution which took a month to be deposited.

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."

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

DOG TAX ADMINISTRATIVE FEES

Administrative fees for dog tax were not receipted to the Township Fund.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of fifty cents (\$0.50). Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

SALES TAX

Over \$100 in sales tax was paid on purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices.

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)

FRANKLIN TOWNSHIP, RANDOLPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2006, with Allan Holly, Trustee; and Betty Chalfant, Chairman of the Township Board. The officials concurred with our findings.