

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

EXAMINATION REPORT  
OF  
WORTH TOWNSHIP  
BOONE COUNTY, INDIANA  
January 1, 2002 to December 31, 2005



**FILED**  
02/16/2007



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:	
Appropriations.....	6
Compensation and Benefits.....	6
Condition of Records .....	6
Overdrawn Fund Balances .....	7
Conflict of Interest Disclosure .....	7
Exit Conference.....	8
Official Response .....	9

OFFICIALS

Office

Official

Term

Trustee

Robert L. Guest

01-01-02 to 12-31-06

Chairman of the  
Township Board

John Hancock  
Jeff Kaser

01-01-02 to 12-31-02  
01-01-03 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WORTH TOWNSHIP, BOONE COUNTY, INDIANA

We have examined the financial information presented herein of Worth Township (Township), for the period of January 1, 2002 to December 31, 2005. 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, 2002, 2003, 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

November 3, 2006

WORTH TOWNSHIP, BOONE 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, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
Township	\$ 4,375	\$ 14,782	\$ 20,582	\$ (1,425)
Dog	616	160	136	640
Township Assistance	7,680	-	2,191	5,489
Firefighting	134,992	161,535	94,743	201,785
Equipment Loan	2,169	-	-	2,169
Fire Building Lease	19,833	36,624	38,428	18,029
Fiduciary Fund:				
Payroll Withholdings	474	897	320	1,051
Totals	<u>\$ 170,139</u>	<u>\$ 213,998</u>	<u>\$ 156,400</u>	<u>\$ 227,737</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
Township	\$ (1,425)	\$ 12,345	\$ 18,426	\$ (7,506)
Dog	640	124	160	604
Township Assistance	5,489	4	2,757	2,736
Firefighting	201,785	149,328	117,140	233,973
Equipment Loan	2,169	-	-	2,169
Fire Building Lease	18,029	3	39,826	(21,794)
Fiduciary Fund:				
Payroll Withholdings	1,051	4,587	6,599	(961)
Totals	<u>\$ 227,737</u>	<u>\$ 166,391</u>	<u>\$ 184,908</u>	<u>\$ 209,220</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ (7,506)	\$ 44,319	\$ 19,740	\$ 17,073
Dog	604	-	132	472
Township Assistance	2,736	4,381	4,106	3,011
Firefighting	233,973	362,492	226,972	369,493
Equipment Loan	2,169	17	-	2,185
Fire Building Lease	(21,794)	77,878	37,253	18,831
FEMA Grant	-	79,754	79,754	-
Fiduciary Fund:				
Payroll Withholdings	(961)	5,009	7,565	(3,517)
Totals	<u>\$ 209,220</u>	<u>\$ 573,851</u>	<u>\$ 375,521</u>	<u>\$ 407,550</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 17,073	\$ 37,904	\$ 30,114	\$ 24,863
Dog	472	52	90	434
Township Assistance	3,011	1,398	3,188	1,221
Firefighting	369,493	115,145	392,554	92,084
Equipment Loan	2,185	47,589	42,692	7,083
Fire Building Lease	18,831	59,143	61,394	16,581
Excess Levy	-	3,062	-	3,062
EMS Fund	-	65,000	65,000	-
Fiduciary Fund:				
Payroll Withholdings	(3,517)	11,542	10,143	(2,117)
Totals	<u>\$ 407,550</u>	<u>\$ 340,835</u>	<u>\$ 605,174</u>	<u>\$ 143,211</u>

The accompanying notes are an integral part of the schedules.

WORTH TOWNSHIP, BOONE 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.

Note 6. Long-Term Debt

The Township has entered into debts such as a loan for a fire truck and a capital lease for a new fire station. The outstanding principal at December 31, 2005, was \$380,011 and \$191,186, respectively.

WORTH TOWNSHIP, BOONE COUNTY  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township	2002	\$ 632
Fire Fighting	2002	743
Fire Debt Service	2003	1,278

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."

COMPENSATION AND BENEFITS

Each Township Board (Board) member received \$300 in excess of their approved salaries for the year 2005. Each Board member reimbursed the \$300 overpayment, to the Township, in December 2006.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

1. There were several posting errors related to the full amount of the payroll deduction postings being deducted from the Township Fund. These deductions should have been posted between the Township Fund and the Payroll Fund. Also, the ending cash balances, on the monthly cash funds balance sheets, did not always equal the following month's beginning cash balance on the same report.
2. Some transactions were recorded as "negative" receipts.

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)

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WORTH TOWNSHIP, BOONE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OVERDRAWN FUND BALANCES

The Township Fund was overdrawn in 2002; the Township Fund, Fire Debt Fund and Payroll Withholdings fund were overdrawn in 2003; the Payroll Withholdings fund was overdrawn in 2004; and the Payroll Withholdings fund was overdrawn in 2005.

The 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)

CONFLICT OF INTEREST DISCLOSURE

Aaron Guest, unemancipated son of Robert L. Guest, Trustee, was hired to perform mowing services at the Township maintained cemeteries and the fire station. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed for the years 2003 or 2004.

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 . . ."
- "(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 (1/2) of whose support is provided during a year by the public servant."

WORTH TOWNSHIP, BOONE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 17, 2007, with Robert L. Guest, Trustee; and Rebecca Gunn, Clerk. The official response has been made a part of this report and may be found on page 9.

# WORTH TOWNSHIP TRUSTEE



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2-5-2007

Richard D. Cole  
Field Supervisor, Indiana State Board of Accounts  
302 West Washington St.  
4<sup>th</sup> Floor, Room E 418  
Indianapolis, IN 46204-2765  
RE: Response to Worth Township Examination Results and Comments

Mr. Cole,

In response to Worth Township examination Results and Comments, Condition of Records delivered on January 31<sup>st</sup>, 2007 to 2965 South 575 East Whitestown, IN 46075, the conditions and comments are understood. We are currently consulting with Net Results our township software bookkeeping system consultants to make assessments for data entries to be compliant with State Board of Accounts requirements.

In our recognition of the volume and growth of Worth Township as per our discussion and agreement that all future audits and exit conference will be done on site at the township office.

Robert L. Guest  
Worth Township Trustee