

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

EXAMINATION REPORT
OF
TOWN OF WORTHINGTON
GREENE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
11/05/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Gloria Klass

01-01-04 to 12-31-11

President of the Town Council

William H. Harp

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WORTHINGTON, GREENE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Worthington (Town), for the period of January 1, 2006 to December 31, 2007. The Town'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 Town 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 and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 23, 2008

TOWN OF WORTHINGTON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, 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:				
General	\$ 38,166	\$ 210,141	\$ 249,330	\$ (1,023)
Motor Vehicle Highway	124,057	58,002	101,822	80,237
Local Road and Street	11,265	7,240	8,101	10,404
Park and Recreation	13,844	9,784	12,324	11,304
Law Enforcement Continuing Education	2,089	5,770	5,249	2,610
Police Donation	5,139	5,060	6,298	3,901
Fire Donation	55	-	-	55
Community Building	4,723	5,653	5,652	4,724
Cumulative Capital Improvement	42,027	5,291	4,329	42,989
Cumulative Capital Development	-	1,474	-	1,474
Ordinance Violation	1,615	-	1	1,614
Cumulative Building Donations	360	420	532	248
Housing Grant	-	332,824	332,756	68
Proprietary Funds:				
Wastewater Utility - Operating	436,665	380,507	455,869	361,303
Wastewater Utility - Bond and Interest	24,155	224,407	220,068	28,494
Wastewater Utility - Depreciation	12,016	18,122	-	30,138
Wastewater Utility - Debt Reserve	227,732	1,044	19,009	209,767
Fiduciary Fund:				
Payroll	(9,697)	201,154	191,457	-
Totals	<u>\$ 934,211</u>	<u>\$ 1,466,893</u>	<u>\$ 1,612,797</u>	<u>\$ 788,307</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ (1,023)	\$ 242,756	\$ 243,482	\$ (1,749)
Motor Vehicle Highway	80,237	73,446	87,580	66,103
Local Road and Street	10,404	7,275	4,708	12,971
Park and Recreation	11,304	13,590	18,321	6,573
Law Enforcement Continuing Education	2,610	1,779	1,064	3,325
Police Donation	3,901	4,744	3,633	5,012
Fire Donation	55	-	-	55
Community Building	4,724	5,180	3,605	6,299
Cumulative Capital Improvement	42,989	5,202	3,732	44,459
Cumulative Capital Development	1,474	1,445	-	2,919
Ordinance Violation	1,614	-	-	1,614
Cumulative Building Donations	248	75	279	44
Housing Grant	68	-	68	-
Rainy Day	-	571	-	571
Proprietary Funds:				
Wastewater Utility - Operating	361,303	370,275	376,083	355,495
Wastewater Utility - Bond and Interest	28,494	224,539	219,492	33,541
Wastewater Utility - Depreciation	30,138	18,206	-	48,344
Wastewater Utility - Customer Deposit	209,767	956	-	210,723
Fiduciary Fund:				
Payroll	-	181,409	181,409	-
Totals	<u>\$ 788,307</u>	<u>\$ 1,151,448</u>	<u>\$ 1,143,456</u>	<u>\$ 796,299</u>

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

TOWN OF WORTHINGTON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highway and streets, health and social services, culture and recreation, wastewater, and general administrative services.

Note 2. Fund Accounting

The Town 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 or highway use taxes are received 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 Town 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 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.

TOWN OF WORTHINGTON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

TOWN OF WORTHINGTON
 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:	
Land	\$ 66,569
Buildings	1,172,839
Improvements other than buildings	3,731
Machinery and equipment	80,416
Office Equipment	<u>1,796</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 1,325,351</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 66,569
Buildings	40,990
Improvements other than buildings	6,775,837
Machinery and equipment	143,699
Office Equipment	<u>14,497</u>
Total Wastewater Utility capital assets	<u><u>\$ 7,041,592</u></u>

Gloria Glass
Clark Treasurer

TOWN OF WORTHINGTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town of Worthington has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1989	\$ 450,450	\$ 34,800
1998 A	2,504,000	153,680
1998 B	<u>525,009</u>	<u>32,625</u>
 Total Wastewater Utility	 <u>\$ 3,479,459</u>	 <u>\$ 221,105</u>

Tom Glass
 Clerk-Treasurer

TOWN OF WORTHINGTON
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS,
TRANSACTION RECORDING, AND PRESCRIBED FORMS

The Town did not comply with directives of Indiana Housing and Community Development Authority and Community Development Block Grant (CDBG) by not recording Grant HD004-016 in the records of the Town. Therefore, City and Town Form 208, Ledger of Receipts, Disbursements and Balances, was not used for the CDBG Housing Grant.

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 Cities and Towns, Chapter 7)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCE

The cash balance of the General Fund was overdrawn at December 31, 2006 and 2007.

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 Cities and Towns, Chapter 7)

TOWN OF WORTHINGTON
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2008, with Gloria Klass, Clerk-Treasurer. The official concurred with our findings.