

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

EXAMINATION REPORT
OF
TOWN OF WORTHINGTON
GREENE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
12/27/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Gloria Klass

01-01-04 to 12-31-07

President of the Town Council

William H. Harp

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2004 to December 31, 2005. 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 present fairly, in all material respects, the financial information of the Town 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

October 30, 2006

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 4,133	\$ 296,534	\$ 292,063	\$ 8,604
Motor Vehicle Highway	59,175	122,700	64,585	117,290
Local Road and Street	6,370	7,694	5,838	8,226
Park and Recreation	1,623	25,348	16,074	10,897
Law Enforcement Continuing Education	1,083	4,008	2,425	2,666
Police Donation	2,344	45,765	8,780	39,329
Fire Donation	55	-	-	55
Community Building	2,411	6,513	4,730	4,194
Ordinance Violation	1,615	-	-	1,615
Cumulative Capital Improvement	31,918	5,531	-	37,449
Cumulative Building Donations	756	581	503	834
Proprietary Funds:				
Wastewater Utility - Operating	288,069	403,356	392,797	298,628
Wastewater Utility - Bond and Interest	215,922	226,930	219,847	223,005
Wastewater Utility - Depreciation	60,000	18,000	-	78,000
Wastewater Utility - Construction	18,020	90	-	18,110
Wastewater Utility - Debt Reserve	40,778	400	-	41,178
Fiduciary Fund:				
Payroll	21,178	156,821	170,582	7,417
Totals	<u>\$ 755,450</u>	<u>\$ 1,320,271</u>	<u>\$ 1,178,224</u>	<u>\$ 897,497</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 8,604	\$ 279,219	\$ 249,657	\$ 38,166
Motor Vehicle Highway	117,290	59,017	52,250	124,057
Local Road and Street	8,226	7,578	4,539	11,265
Park and Recreation	10,897	14,918	11,971	13,844
Law Enforcement Continuing Education	2,666	870	1,447	2,089
Police Donation	39,329	7,354	41,544	5,139
Fire Donation	55	-	-	55
Community Building	4,194	4,163	3,634	4,723
Ordinance Violation	1,615	-	-	1,615
Cumulative Capital Improvement	37,449	4,578	-	42,027
Cumulative Building Donations	834	100	574	360
Proprietary Funds:				
Wastewater Utility - Operating	298,628	489,554	351,517	436,665
Wastewater Utility - Bond and Interest	223,005	225,158	424,008	24,155
Wastewater Utility - Depreciation	78,000	19,516	85,500	12,016
Wastewater Utility - Construction	18,110	15	18,125	-
Wastewater Utility - Debt Reserve	41,178	186,554	-	227,732
Fiduciary Fund:				
Payroll	7,417	174,079	191,193	(9,697)
Totals	<u>\$ 897,497</u>	<u>\$ 1,472,673</u>	<u>\$ 1,435,959</u>	<u>\$ 934,211</u>

The accompanying notes are an integral part of the schedules.

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, public improvements, 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.

Note 7. Long-Term Debt

The Town has entered into debt, such as bonds for wastewater additions and improvements. The outstanding principal at December 31, 2005, was \$3,593,450.

TOWN OF WORTHINGTON
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

As stated in prior reports, the following prescribed or approved form was not always in use, Investment Register - General Form 350.

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)

CAPITAL ASSET RECORDS

As stated in prior reports, the Town and Utility's capital asset records were not accurate. During the years 2004 and 2005, the capital asset records had not been maintained.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balance of the Payroll Fund was overdrawn at December 31, 2005.

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 October 31, 2006, with Gloria Klass, Clerk-Treasurer; and William H. Harp, President of the Town Council.