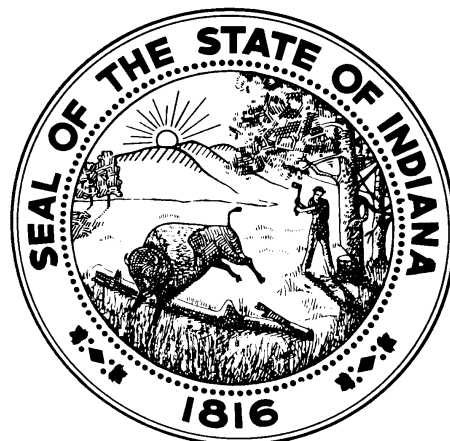


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
WORTH TOWNSHIP
BOONE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
03/04/2009

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OFFICIALS

Office

Official

Term

Trustee

Robert Guest

01-01-03 to 12-31-10

Chairman of the
Township Board

Jeff Kaser
Ken McCormack

01-01-06 to 12-31-06
01-01-07 to 12-31-09



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, 2006 to December 31, 2007. 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 present fairly, in all material respects, the financial information of the Township 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

January 13, 2009

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 24,863	\$ 25,505	\$ 33,357	\$ 17,011
Dog	434	16	52	398
Township Assistance	1,221	6,137	1,105	6,253
Firefighting	92,084	327,863	425,705	(5,758)
Equipment Loan	7,083	50,051	35,118	22,016
Fire Building Lease	16,581	39,797	42,563	13,815
Levy Excess	3,062	-	3,062	-
Fiduciary Fund:				
Payroll Withholdings	(2,117)	45,535	45,812	(2,394)
Totals	<u>\$ 143,211</u>	<u>\$ 494,904</u>	<u>\$ 586,774</u>	<u>\$ 51,341</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 17,011	\$ 40,939	\$ 42,756	\$ 15,194
Dog	398	-	-	398
Township Assistance	6,253	-	3,633	2,620
Firefighting	(5,758)	714,735	649,596	59,381
Equipment Loan	22,016	34,416	46,911	9,521
Fire Building Lease	13,815	40,439	42,655	11,599
Levy Excess	-	2,102	-	2,102
Fiduciary Fund:				
Payroll Withholdings	(2,394)	61,594	60,471	(1,271)
Totals	<u>\$ 51,341</u>	<u>\$ 894,225</u>	<u>\$ 846,022</u>	<u>\$ 99,544</u>

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

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).

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. Subsequent Events

The Township received a Tax Anticipation Warrant in the amount of \$338,000 and a Fire Emergency Services Loan (FESL) in the amount of \$379,000 in the year 2008.

WORTH TOWNSHIP, BOOONE COUNTY
 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.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ -
Infrastructure	-
Buildings	782,000
Improvements other than buildings	-
Machinery and equipment	983,000
Construction in progress	<u>-</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,765,000</u>

WORTH TOWNSHIP, BOONE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 119,434	\$ 4,528
Bonds payable:		
General obligation bonds:		
Building	348,281	22,711
	<u>-</u>	<u>-</u>
Total governmental activities debt	<u>\$ 467,714</u>	<u>\$ 27,238</u>

WORTH TOWNSHIP, BOONE COUNTY
EXAMINATION RESULTS AND COMMENTS

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer for the years 2006 and 2007.

IC 6-1.1-22-14(a) states in part:

"on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

OFFICIAL BOND

An official bond for the Township Trustee was not filed in the Office of the County Recorder for the year 2007.

IC 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

BOARD MINUTES

Official minutes for all meetings of the governing body were not available for examination. Minutes were often prepared from unofficial notes taken by someone other than the Board Secretary. Not all minutes were signed by the Board members or the elected Board Secretary.

IC 5-14-1.5-4(b) states in part:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 . . ."

OVERDRAWN CASH BALANCES

The Fire Fighting Fund and Payroll Deductions Fund were overdrawn in 2006 and the Payroll Deductions Fund was overdrawn in 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 Townships, Chapter 13)

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

CONFLICT OF INTEREST DISCLOSURE

Jeff Kaser, Township Board member and Board President in 2006, was contracted to plow snow for the Township. A Uniform Conflict of Interest Disclosure Statement was not filed.

IC 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 . . ."

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
Fire Building Lease	2007	\$ 3,625.84
Fire Equipment Loan	2007	4,347.67

An additional appropriation of \$375,244 was obtained, however, rather than spreading the money to all of the fire fighting funds, all the money was appropriated to only one fund, the Fire Fighting Fund. This left the Fire Fighting Fund with an unexpended balance of \$309,924 and the two fire debt funds overspent.

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

IC 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."

PRESCRIBED FORM

The following prescribed form was not in use:

Township Form 16-1997, Township Trustee's Receipt

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 Townships, Chapter 13)

CREDIT CARDS

The Township is using credit cards to purchase some items. There is no approved credit card policy adopted by the Township Board.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

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

- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST, AND OTHER CHARGES

Accounts payable to vendors and other suppliers of goods and services are not always being paid timely. Late fees, penalties, and interest were assessed by vendors and paid by the Township in the amount of \$214.76 in 2006 and \$210.41 in 2007. These amounts were paid on credit card purchases. Additionally, one credit card held by the Township does not allow a grace period for payment of purchases, but charges interest from the date of purchase.

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)

WORTH TOWNSHIP, BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 13, 2009, with Robert Guest, Trustee. The official concurred with our findings.