

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

EXAMINATION REPORT
OF
TOWN OF PONETO
WELLS COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
11/06/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Roy D. Schoeff	01-01-04 to 12-31-11
President of the Town Council	Finley H. Lane	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 PONETO, WELLS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Poneto (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 15, 2008

TOWN OF PONETO
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	\$ 40,097	\$ 42,602	\$ 40,382	\$ 42,317
Motor Vehicle Highway	433	8,788	8,500	721
Local Road and Street	138	1,256	1,200	194
Rainy Day	13,297	4,415	-	17,712
Cumulative Capital Improvement	10,447	2,368	-	12,815
Economic Development Income Tax	16,121	3,789	349	19,561
Levy Excess	324	-	324	-
Proprietary Fund:				
Wastewater Utility - Operating	144,053	50,248	30,687	163,614
Fiduciary Fund:				
Payroll	-	7,268	6,821	447
Totals	<u>\$ 224,910</u>	<u>\$ 120,734</u>	<u>\$ 88,263</u>	<u>\$ 257,381</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 42,317	\$ 46,527	\$ 40,247	\$ 48,597
Motor Vehicle Highway	721	9,793	7,857	2,657
Local Road and Street	194	1,251	1,301	144
Rainy Day	17,712	6,421	-	24,133
Cumulative Capital Improvement	12,815	2,561	733	14,643
Economic Development Income Tax	19,561	4,469	583	23,447
Proprietary Fund:				
Wastewater Utility - Operating	163,614	51,567	66,783	148,398
Fiduciary Fund:				
Payroll	447	7,328	7,775	-
Totals	<u>\$ 257,381</u>	<u>\$ 129,917</u>	<u>\$ 125,279</u>	<u>\$ 262,019</u>

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

TOWN OF PONETO
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 (fire protection), culture and recreation, highways and streets, general administrative services and wastewater.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town 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 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 PONETO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 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 completed in the current years have been reported. Retroactive reporting of general infrastructure assets is not required.

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,340
Buildings	14,100
Improvements other than buildings	860
Machinery and equipment	<u>3,948</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u><u>22,248</u></u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 7,117
Construction in progress	25,662
Improvements other than buildings	857,185
Machinery and equipment	<u>29,346</u>
 Total Wastewater Utility capital assets	 \$ <u><u>919,310</u></u>

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

The Town 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:		
1996 Construction	\$ 81,000	\$ -

TOWN OF PONETO
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2008, with Roy D. Schoeff, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.