

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

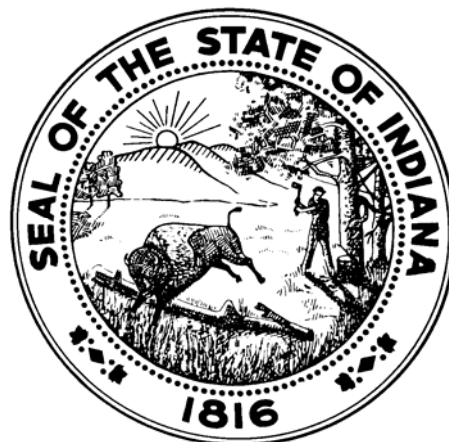
EXAMINATION REPORT

OF

TOWN OF PONETO

WELLS COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
10/31/2006



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:	
Interest on Investments .....	6
Register of Investments Not Maintained .....	6
Exit Conference .....	7

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Roy D. Schoeff

01-01-04 to 12-31-07

President of the Town Council

Steven R. Rush  
Finley Lane

01-01-04 to 12-31-05  
01-01-06 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
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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, 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 presents 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 24, 2006

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 7,152	\$ 58,353	\$ 27,692	\$ 37,813
Motor Vehicle Highway	13,225	7,461	10,530	10,156
Local Road and Street	1,449	1,292	1,300	1,441
Rainy Day	8,716	3,725	2,625	9,816
Cumulative Capital Improvement	7,381	2,409	799	8,991
Economic Development Income Tax	9,256	3,946	395	12,807
Proprietary Fund:				
Wastewater Utility - Operating	120,344	50,116	36,601	133,859
Fiduciary Fund:				
Payroll	-	7,046	7,046	-
Totals	<u>\$ 167,523</u>	<u>\$ 134,348</u>	<u>\$ 86,988</u>	<u>\$ 214,883</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 37,813	\$ 37,770	\$ 35,486	\$ 40,097
Motor Vehicle Highway	10,156	7,295	17,018	433
Local Road and Street	1,441	1,297	2,600	138
Rainy Day	9,816	3,481	-	13,297
Cumulative Capital Improvement	8,991	2,255	799	10,447
Economic Development Income Tax	12,807	3,649	335	16,121
Levy Excess	-	324	-	324
Proprietary Fund:				
Wastewater Utility - Operating	133,859	50,787	40,593	144,053
Fiduciary Fund:				
Payroll	-	7,154	7,154	-
Totals	<u>\$ 214,883</u>	<u>\$ 114,012</u>	<u>\$ 103,985</u>	<u>\$ 224,910</u>

The accompanying notes are an integral part of the schedules.

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), highways and streets, culture and recreation, 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.

Note 6. Long-Term Debt

The Town has entered into a zero-interest loan with the State of Indiana for a wastewater collection system. The outstanding principal at December 31, 2005, was \$99,000.

TOWN OF PONETO  
EXAMINATION RESULTS AND COMMENTS

INTEREST ON INVESTMENTS

Interest earned on a Wastewater Utility investment was automatically added to the principal and not recorded in the records. No advice of interest earned was included in documentation presented for examination. The amount of interest earned in 2004 and 2005 was \$3,509 and \$3,649, respectively. These amounts have been added to the cash and investment balance shown on the financial schedule at December 31, 2004 and 2005. A similar comment appeared in prior Report B23370.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REGISTER OF INVESTMENTS NOT MAINTAINED

A register of investments (Form 350) was not maintained.

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)

TOWN OF PONETO  
EXIT CONFERENCE

The contents of this report were discussed on October 24, 2006, with Roy D. Schoeff, Clerk-Treasurer. The official concurred with our findings.