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

COMPLIANCE REPORT

OF

TOWN OF PONETO

WELLS COUNTY, INDIANA

January 1, 2017 to December 31, 2019

FILED
08/13/2020

TABLE OF CONTENTS

Description	Page
Schedule of Officials	2
Transmittal Letter	3
Other Information - Unaudited	5
Clerk-Treasurer:	
Results and Comments:	
Condition of Records	8
Overpayment Collections	8-9
Supporting Documentation	9-10
State Revolving Fund Activity	10
Late Submission of Annual Financial Report	10
Exit Conference	11
Town Council:	
Results and Comments:	
Town Council Minutes Missing	14
Adoption of and Training on Internal Control Standards	14
Exit Conference	15

SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Roy D. Schoeff	01-01-17 to 07-10-17
	(Vacant)	07-11-17 to 07-18-17
	Sadi R. Curtis	07-19-17 to 12-26-17
	(Vacant)	12-27-17 to 01-08-18
	Kemberley D. Bower	01-09-18 to 12-31-19
	Lou Ann Reinhard	01-01-20 to 12-31-20
President of the Town Council	Steven R. Rush	01-01-17 to 12-31-19
	Rebecca Smith	01-01-20 to 12-31-20

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF PONETO, WELLS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Poneto (Town), Wells County, for the period of January 1, 2017 to December 31, 2019, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of non-compliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

June 29, 2020

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OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: https://gateway.ifionline.org/.

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CLERK-TREASURER
TOWN OF PONETO

CONDITION OF RECORDS

Condition and Context

Bank accounts were not reconciled from August of 2017 through December of 2019. In addition, the following ledgers and records were not maintained during the same period:

- Ledger of Receipts, Disbursements and Balances (Form 208)
- Ledger of Appropriations, Encumbrances, Disbursements and Balances (Form 209)
- Receipts (Form 217)
- Register of Daily Cash Receipts - Consumer (Form 313-A)
- Simplified Cash Journal Wastewater Utility - Class C (Form 323)
- Consumers Ledger Municipal Wastewater Utility (Form 324)

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OVERPAYMENT COLLECTIONS

Condition and Context

The former Clerk-Treasurer failed to properly file Indiana Withholding Tax Form WH-1 for six months of 2019. As a result, the Indiana Department of Revenue estimated their taxes due at $600 per month and assessed penalties and interest for failing to file. The Town paid a total of $3,600 in estimated taxes withheld that were not actually due. In addition, they paid penalties and interest of $395, as noted in the schedule below. Based on a review of payroll reports, the total amount of Indiana taxes withheld for 2019 was $477, which was remitted in January 2020.

Description	Estimated Tax Due	Penalty and Interest	Date Paid
January 2019 WH-1 underpayment of taxes	$ 600	$ 65	05-13-19
February 2019 WH-1 underpayment of taxes	600	61	06-10-19
May 2019 WH-1 underpayment of taxes	600	69	12-05-19
June 2019 WH-1 underpayment of taxes	600	68	12-05-19
July/August 2019 WH-1 underpayment of taxes	1,200	132	12-05-19
Totals	$ 3,600	$ 395	

In addition, overpayments were also made to three other vendors during 2019, totaling $580.

Criteria

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

SUPPORTING DOCUMENTATION

Condition and Context

There was inadequate supporting documentation for 15 disbursements during the period reviewed, totaling $4,197, as noted in the schedule below.

Date Paid	Amount	Payee	Description of Purchase (if any)
12-30-17	$ 135	M.R.B. of Bluffton, Inc.	Town - Unknown
03-15-18	200	Unknown - Check Image Unavailable	Town - Unknown
10-08-18	160	Stacia Hendersen	Town - Unknown
12-17-18	40	Unknown - Check Image Unavailable	Town - Unknown
09-19-18	125	Unknown - Check Image Unavailable	Wastewater - Unknown
03-14-19	93	Unknown - Check Image Unavailable	Wastewater - Unknown
02-19-19	44	Unknown - Check Image Unavailable	Wastewater - Unknown
05-10-19	800	Miller Land Surveying, Inc.	Wastewater - Unknown
05-17-19	702	USPS	Wastewater - Unknown
06-03-19	108	Unknown - Check Image Unavailable	Wastewater - Unknown
05-06-19	1,474	Unknown - Check Image Unavailable	Wastewater - Unknown
08-20-19	123	Unknown - Check Image Unavailable	Wastewater - Unknown
09-30-19	14	Unknown - Check Image Unavailable	Wastewater - Unknown
11-13-19	55	Unknown - Check Image Unavailable	Wastewater - Unknown
11-19-19	124	Unknown - Check Image Unavailable	Wastewater - Unknown
Total	$ 4,197		

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

STATE REVOLVING FUND ACTIVITY

Condition and Context

During 2018 and 2019, the financial transactions pertaining to the Wastewater State Revolving Fund construction project and corresponding debt retirement through the Bank of New York were not recorded on the ledgers of the Wastewater Utility. Bond anticipation proceeds of $191,830 for engineering and bond issuance costs and $20,554 in debt retirement transactions were not recorded on the financial ledgers or reported in the Annual Financial Reports.

Criteria

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-11-1-4(a) states:

> "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

Condition and Context

The Town's Annual Financial Reports for 2018 and 2019 were not filed electronically until April 12, 2019, and April 20, 2020, respectively, which were 42 and 50 days past the due date.

Criteria

Indiana Code 5-11-1-4(a) states:

> "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

CLERK-TREASURER
TOWN OF PONETO
EXIT CONFERENCE

The contents of this report were discussed on June 29, 2020, with Kemberley D. Bower, former Clerk-Treasurer; Lou Ann Reinhard, Clerk-Treasurer; Rebecca Smith, President of the Town Council; and Roy D. Schoeff, former Clerk-Treasurer.

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TOWN COUNCIL
TOWN OF PONETO

TOWN COUNCIL MINUTES MISSING

Condition and Context

Minutes for all Town Council meetings were not presented for review. In some cases, an agenda was the only item available to review.

Criteria

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chair of the legislative body shall retain the record in the chair's custody."

ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

Town employees, whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the Town, had not received training over internal control standards that were developed and approved by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

(1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and

(2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL
TOWN OF PONETO
EXIT CONFERENCE

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