

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

EXAMINATION REPORT  
OF  
TOWN OF HYMERA  
SULLIVAN COUNTY, INDIANA  
January 1, 2004 to December 31, 2006



**FILED**  
05/24/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rita Smith	01-01-04 to 01-05-04
	(Vacant)	01-06-04 to 01-09-04
	Carissa Swalls (Interim)	01-10-04 to 02-02-04
	Carissa Swalls (Vacant)	02-03-04 to 04-13-07 04-14-07 to Present
President of the Town Council	Robert E. Carpenter II	01-01-04 to 09-16-05
	(Vacant)	09-17-05 to 10-10-05
	Eugene Slack	10-11-05 to 01-09-06
	Clarence Crist	01-10-06 to 12-31-07
Superintendent of Water Utility	Carl Samm	01-01-04 to 03-05-04
	(Vacant)	03-06-04 to 03-14-04
	Jimmy Samm	03-15-04 to 06-24-04
	(Vacant)	06-25-04 to 10-14-05
	Nick Cullison	10-15-05 to 12-31-07



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HYMERA, SULLIVAN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Hymera (Town), for the period of January 1, 2004 to December 31, 2006. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004, 2005, and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 4, 2007

TOWN OF HYMERA  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2004, 2005, and 2006

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
<b>Governmental Funds:</b>				
General	\$ (10,750)	\$ 84,423	\$ 89,677	\$ (16,004)
Motor Vehicle Highway	15,674	31,222	41,632	5,264
Local Road and Street	2,176	3,812	1,423	4,565
Cumulative Capital Improvement	8,256	1,554	3,500	6,310
Accident Report	198	5	-	203
Police Car Donations	-	3,010	2,742	268
Fire Truck Fund	1,874	6	-	1,880
Dog Fines	24	-	10	14
Gun Permits	429	20	-	449
IHFA Grant	-	126,585	126,585	-
Public Safety Ordinance Violations	2,130	1,665	2,971	824
Cemetery	11,892	5,142	10,896	6,138
Clean Lot Fines	(43)	43	50	(50)
Parking Violations	5	-	-	5
Payroll	(240)	68,744	70,226	(1,722)
<b>Proprietary Funds:</b>				
Water Utility - Operating	(13,415)	218,200	200,832	3,953
Water Utility - Bond and Interest	26,391	-	12,500	13,891
Water Utility - Depreciation	59,877	-	59,877	-
Water Utility - Customer Deposit	19,537	565	1,461	18,641
Wastewater Utility - Operating	8,459	135,582	151,953	(7,912)
Wastewater Utility - Bond and Interest	13,127	32,579	29,700	16,006
Wastewater Utility - Reserve	419	1	-	420
Wastewater Utility - Customer Deposit	8,117	500	880	7,737
<b>Totals</b>	<b>\$ 154,137</b>	<b>\$ 713,658</b>	<b>\$ 806,915</b>	<b>\$ 60,880</b>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ (16,004)	\$ 113,923	\$ 45,964	\$ 51,955
Motor Vehicle Highway	5,264	30,430	17,443	18,251
Local Road and Street	4,565	3,720	1,381	6,904
Cumulative Capital Improvement	6,310	1,051	1,008	6,353
Accident Report	203	3	-	206
Police Car Donations	268	-	186	82
Fire Truck Fund	1,880	7	-	1,887
Dog Fines	14	1	-	15
Gun Permits	449	-	57	392
IHFA Grant	-	173,090	173,090	-
Public Safety Ordinance Violations	824	2,000	1,375	1,449
Cemetery	6,138	12,237	13,973	4,402
Clean Lot Fines	(50)	100	-	50
Parking Violations	5	-	-	5
Payroll	(1,722)	30,290	91,607	(63,039)
<b>Proprietary Funds:</b>				
Water Utility - Operating	3,953	115,388	133,007	(13,666)
Water Utility - Bond and Interest	13,891	-	13,891	-
Water Utility - Customer Deposit	18,641	155	292	18,504
Wastewater Utility - Operating	(7,912)	110,930	110,181	(7,163)
Wastewater Utility - Bond and Interest	16,006	28	16,006	28
Wastewater Utility - Reserve	420	2	-	422
Wastewater Utility - Customer Deposit	7,737	400	341	7,796
<b>Totals</b>	<b>\$ 60,880</b>	<b>\$ 593,755</b>	<b>\$ 619,802</b>	<b>\$ 34,833</b>

The accompanying notes are an integral part of the schedules.

TOWN OF HYMERA  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2004, 2005, and 2006  
(Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
<b>Governmental Funds:</b>				
General	\$ 51,955	\$ 85,974	\$ 104,817	\$ 33,112
Motor Vehicle Highway	18,251	26,777	39,322	5,706
Local Road and Street	6,904	3,016	-	9,920
Cumulative Capital Improvement	6,353	1,410	-	7,763
Accident Report	206	-	-	206
Police Car Donations	82	-	-	82
Fire Truck Fund	1,887	7	-	1,894
Dog Fines	15	-	-	15
Gun Permits	392	360	-	752
Riverboat	-	5,242	-	5,242
Public Safety Ordinance Violations	1,449	-	1,191	258
Cemetery	4,402	534	1,367	3,569
Clean Lot Fines	50	-	25	25
Parking Violations	5	-	-	5
Payroll	(63,039)	115,242	81,258	(29,055)
<b>Proprietary Funds:</b>				
Water Utility - Operating	(13,666)	178,625	156,544	8,415
Water Utility - Customer Deposit	18,504	-	2,859	15,645
Wastewater Utility - Operating	(7,163)	148,865	130,521	11,181
Wastewater Utility - Bond and Interest	28	-	28	-
Wastewater Utility - Reserve	422	1	423	-
Wastewater Utility - Customer Deposit	7,796	404	-	8,200
<b>Totals</b>	<u>\$ 34,833</u>	<u>\$ 566,457</u>	<u>\$ 518,355</u>	<u>\$ 82,935</u>

The accompanying notes are an integral part of the schedules.

TOWN OF HYMERA  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, 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 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 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 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 debt such as revenue bonds for acquisition and construction of assets. The outstanding principal at December 31, 2006, was \$1,663,000.



TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS

RETAIL STORE PERSONAL EXPENSES (Town and Utilities)

Carissa Swalls, Clerk-Treasurer, used the Town of Hymera's Wal-Mart charge card for personal expenses totaling \$10,643.95 during 2004, 2005, and 2006. Darrick Cullison, Town Marshall, used the same charge card for personal expenses totaling \$36.29 in 2005.

Individual store receipts and individual personal items purchased by Ms. Swalls are too numerous to list within this report. Purchases included: food, candy, gum, cleaning supplies, clothing and DVDs. Larger, individually identified items included: above ground pool and related pool/swim items (\$492.24), stereo (\$189.37), film developing (358 prints, totaling \$64.35), men's 10k band ring (\$67.84), gift cards (\$100.00), home decorating items (\$67.36) and ceiling fans and related items (\$157.52). Items identified by Wal-Mart representatives as "merchandise consumables" were not detailed, but totaled \$1,213.38.

Carissa Swalls, Clerk-Treasurer, was requested to reimburse \$10,643.95 to the Town of Hymera. On November 13, 2006, Ms. Swalls reimbursed \$300.00 to the Town of Hymera. On February 22, 2007, Darrick Cullison, Town Marshall, reimbursed \$36.29 to the Town of Hymera. (See Summary, page 18)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES AND INTEREST (Town)

Penalties and interest totaling \$7,052.12 and \$2,006.78 were paid to the Internal Revenue Service and the Indiana Department of Revenue, respectively, during the audit period.

Carissa Swalls, Clerk-Treasurer, was requested to reimburse \$9,058.90 to the Town of Hymera. (See Summary, page 18)

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 Cities and Towns, Chapter 7)

RECEIPTS NOT DEPOSITED (Town and Utilities)

Audit tests revealed that checks issued to the Town, Water and Wastewater Utility, totaling \$5,261.48, were either not deposited or were deposited in substitution of other cash receipts. Additionally, we discovered the \$255.92 in cash receipts had not been deposited.

Sullivan County Auditor - Four tax distribution checks issued to the Town in 2006 from the Sullivan County Auditor totaling \$1,284.40 were deposited to the Water and Wastewater Utility bank accounts to replace utility cash payments from customers.

TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Auditor of State - Three tax distribution checks issued to the Town in 2006 from the Auditor of State totaling \$1,128.33 were deposited to the Water and Wastewater Utility bank accounts to replace utility cash payments collected from customers.

Internal Revenue Service – One tax overpayment refund check issued to the Town in 2006 from the Internal Revenue Service for \$2,848.75 was not deposited to the Town or Utility bank accounts.

Customer cash payments - Customer Wastewater Utility cash payments received of \$255.92 in 2006 were not deposited. On November 13, 2006, Carissa Swalls, Clerk-Treasurer, reimbursed \$255.92 to the Wastewater Utility. (See Summary, page 18)

Carissa Swalls, Clerk-Treasurer, was requested to reimburse \$5,261.48 to the Town of Hymera. (See Summary, page 18)

Indiana Code 5-13-6-1(d) states in part: "A city or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town and approved as depositories of state funds."

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SALARY OVERPAYMENTS (Town)

Carissa Swalls, Clerk-Treasurer, received salary overpayments of \$585.14 and \$1,174.50 in 2004 and 2005, respectively.

Carissa Swalls, Clerk-Treasurer, was requested to reimburse \$1,759.64 to the Town of Hymera. (See Summary, page 18)

Indiana Code 36-5-3-2(b) states: "The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees."

BANK ACCOUNT PERSONAL EXPENSES (Water Utility)

Carissa Swalls, Clerk-Treasurer, paid \$559 to Verizon Wireless on behalf of David Swalls' account through the Water Utility's bank account via electronic funds transfer (EFT) on January 2, 2007.

On February 19, 2007, Carissa Swalls, Clerk-Treasurer, reimbursed \$559 to the Water Utility. (See Summary, page 18)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

AUDIT COSTS - MISSING FUNDS AND CONDITION OF RECORDS (Town and Utilities)

The State of Indiana incurred additional audit costs in the investigation of the missing funds and due to the poor condition of the records for the years 2004, 2005, and 2006.

The State of Indiana is requesting reimbursement of the additional audit costs from Carissa Swalls, Clerk-Treasurer, in the amount of \$7,655.22. (See Summary, page 18)

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

Audit costs or other costs incurred because of poor records, nonexistent records, or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

HANDGUN LICENSE FEES (Town)

The Town processed 30 applications for handgun licenses in 2004 and 2005. Receipts were not properly issued to the applicants for the \$10 fee, nor were the fees properly posted to the Gun Permits Fund and deposited timely. Of the \$300 received for both years, only \$20 was receipted in, posted properly to the ledger and subsequently deposited in the bank.

Upon audit of cash on hand in the office, we discovered unidentified cash of \$280 which was deposited and posted to the Gun Permits Fund.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DELINQUENT WATER AND WASTEWATER ACCOUNTS (Utilities)

At March 1, 2007, the Clerk-Treasurer, Carissa Swalls and Town Board Member, Robb Hester, had overdue utility account balances of \$830.81 and \$949.73, respectively. The large balances are due to no payments and/or only partial payments having being made during the audit period. These utility accounts have not been paid in full since April 2006 and February 2006, respectively.

Also, late payment penalties were not always charged to the above utility accounts in accordance with the approved rate ordinance.

As stated in prior Audit Report B22991, our audit of the Wastewater Utility revealed that delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the:
  - (A) name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
  - (B) description of the premises, as shown by the records of the county auditor; and
  - (C) amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), after September 1 of the preceding calendar year and before September 1 of the current calendar year, the officer shall before December 15 of each year certify to the county auditor a list of the liens that remain unpaid for collection in the next May."

CONTRACTS (Town)

Payments totaling \$4,750 per year were made to the Hymera-Jackson Township Volunteer Fire Department for fire protection in 2004, 2005, and 2006 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CREDIT CARDS (Town and Utilities)

The Town and Utilities used a credit card to purchase items without an approved credit card policy.

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.

TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (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.
- (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 Cities and Towns, Chapter 7)

MOVING VIOLATION FEES (Town)

The Town collected Enforcement of Moving Violations fees during the audit period.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7) Indiana Code 36-1-6-3(c) states that an ordinance defining a moving traffic violation may not be enforced in an ordinance violations bureau. Moving traffic violations must be enforced in accordance with Indiana Code 34-28-5 which requires such cases to be heard in any circuit, superior, county, city, or town court or traffic violations bureau designated by these courts.

OVERDRAWN CASH BALANCES (Town and Utilities)

The cash balances of the General Fund, Clean Lot Fines Fund, Payroll Fund, and Wastewater Operating Fund were overdrawn in 2004. The cash balances of the Payroll Fund, Water Operating Fund, and Wastewater Operating Fund were overdrawn in 2005. The cash balance of the Payroll Fund was overdrawn in 2006.

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 HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OPTICAL IMAGES OF WARRANTS (Town and Utilities)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks, states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

ANNUAL REPORT (Town and Utilities)

The annual reports presented for audit were inaccurate and incomplete.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

OFFICIAL BOND (Town and Utilities)

The following official bond was not filed in the Office of the County Recorder:

Carissa Swalls, Clerk-Treasurer

Indiana Code 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. . . ."

TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PRESCRIBED FORMS (Town and Utilities)

As stated in prior Audit Report B22991, the following prescribed or approved forms were not always in use:

Register of Investments, Form 350  
Employees Service Record, Form 99A  
Capital Assets Ledger, Form 211  
Mileage Claim, Form 101

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)

DEPOSITS (Town and Utilities)

As stated in prior Audit Report B22991, in several instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town."

RECEIPT ISSUANCE (Town and Utilities)

As stated in prior Audit Report B22991, in some instances receipts were not issued or recorded.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPORTING DOCUMENTATION

Several payments were observed which were not accompanied by adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 7)

TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ERRORS ON CLAIMS (Town and Utilities)

As stated in prior Audit Report B22991, the following deficiencies were noted on claims during the audit period:

- (1) Claims were not adequately itemized.
- (2) All claims were not certified by fiscal officer.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

SERVICE AND TIME RECORDS (Town and Utilities)

As stated in prior Audit Report B22991, employee time, attendance, and service records were not maintained and presented for audit.

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)

CERTIFIED REPORT NOT FILED (Town and Utilities)

As stated in prior Audit Report B22991, the Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2004, 2005, and 2006.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."



TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CAPITAL ASSET RECORDS (Town and Utilities)

As stated in prior Audit Reports B20573, B15271, B10768, B11389, B11390, and B22991, information presented for audit indicates the Town and Utilities do not maintain sufficient detailed records of capital assets.

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)

CONDITION OF RECORDS (Town and Utilities)

As stated in prior Audit Report B22991, the following deficiencies relating to the recordkeeping that were cited in the prior audit report, were again present during our period of audit:

- (1) Record balances were not accurately reconciled to depository balances during the three year period.
- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, and interest not posted.

Indiana Code 5-13-6-1(e) states in part: "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."

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)

COMPUTER OUTPUT (Town and Utilities)

As stated in prior Audit Report B22991, access to records and information generated by the computer system was limited due to reports not being printed at year end and the lack of backup data necessary to retrieve balances. Also, numerous manual adjustments were entered on billing records.

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-15-6-3(d) states:

"No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsection (e)."

TOWN OF HYMERA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ADVANCE PAYMENTS (Town)

As stated in prior Audit Report B22991, payroll transactions indicate that some payments were made to individuals prior to the receipt of services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CORRECTION OF ERRORS (Town and Utilities)

As stated in prior Audit Report B22991, some corrections and adjustments were made in the computerized billing system without retaining recommended audit trails.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER (Utilities)

As stated in prior Audit Report B22991, we noted the detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger at December 31, 2004, 2005, and 2006.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS (Town)

As stated in prior Audit Report B22991, the Town of Hymera failed to comply with directives of Department of Local Government Finance by not getting the 2005 budget approved.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HYMERA  
EXIT CONFERENCE

The contents of this report were discussed on April 4, 2007, with Carissa Swalls, Clerk-Treasurer; Clarence Crist, President of the Town Council; and Joseph Burton, Town Attorney.

TOWN OF HYMERA  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Carissa Swalls, Clerk-Treasurer:			
Retail Store Personal Expenses, page 7	\$ 10,643.95	\$	\$
Paid by Carissa Swalls, Clerk-Treasurer:			
Receipt No. 12650, November 13, 2006		300.00	10,343.95
Penalties and Interest, page 7	9,058.90	-	9,058.90
Receipts Not Deposited, pages 7 and 8	5,261.48	-	5,261.48
Receipts Not Deposited, pages 7 and 8	255.92		
Paid by Carissa Swalls, Clerk-Treasurer:			
Receipt No. 12649, November 13, 2006		255.92	-
Salary Overpayments, page 8	1,759.64	-	1,759.64
Bank Account Personal Expenses, page 8	559.00		
Paid by Carissa Swalls, Clerk-Treasurer:			
Receipt No. 11831, February 19, 2007		559.00	-
Audit Costs - Missing Funds and Condition of Records, page 9	7,655.22	-	7,655.22
Darrick Cullison, Town Marshall:			
Retail Store Personal Expenses, page 7	36.29		
Paid by Darrick Cullison, Town Marshall:			
Receipt No. 11830, February 22, 2007		<u>36.29</u>	<u>-</u>
Totals	<u>\$ 35,230.40</u>	<u>\$ 1,151.21</u>	<u>\$ 34,079.19</u>

**FILED**  
IN CIRCUIT COURT

**MAY 04 2007**

*Shelly Heath Larris*  
Clerk, Sullivan Circuit Court

STATE OF INDIANA )  
*Sullivan* COUNTY ) SS:

I, Patricia Mayfield, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Hymera, Sullivan County, Indiana, for the period from January 1, 2004 to December 31, 2006, is true and correct to the best of my knowledge and belief.

*Patricia Mayfield*  
Field Examiner

Subscribed and sworn to before me this 4<sup>th</sup> day of May, 2007.

*Shelly Heath Larris*  
Clerk of the Circuit Court