

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

AUDIT REPORT

OF

TOWN OF HYMERA

SULLIVAN COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED

09/01/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carissa Swalls (Vacant) Jillena M. Street	01-01-07 to 04-13-07 04-14-07 to 05-06-07 05-07-07 to 12-31-10
President of the Town Council	Clarence Crist Robb Hester Russell Knight Kathy Gambill Russell Knight	01-01-07 to 06-11-07 06-12-07 to 12-31-07 01-01-08 to 09-22-08 09-23-08 to 12-31-08 01-01-09 to 12-31-09
Facility Manager	Nick Cullison	01-01-07 to 12-31-09



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hymera (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 27, 2009, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 27, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hymera (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 27, 2009

TOWN OF HYMERA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net Disbursement and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 60,660	\$ 12,879	\$ -	\$ -	\$ (47,781)	\$ -	\$ (47,781)
Public safety	44,570	158	-	-	(44,412)	-	(44,412)
Highways and streets	26,614	-	30,663	3,822	7,871	-	7,871
Total governmental activities	131,844	13,037	30,663	3,822	(84,322)	-	(84,322)
Business-type activities:							
Wastewater	435,350	177,364	-	84,323	-	(173,663)	(173,663)
Water	221,772	216,474	-	-	-	(5,298)	(5,298)
Total business-type activities	657,122	393,838	-	84,323	-	(178,961)	(178,961)
Total primary government	\$ 788,966	\$ 406,875	\$ 30,663	\$ 88,145	(84,322)	(178,961)	(263,283)
General receipts:							
Property taxes					53,198	-	53,198
Intergovernmental					27,667	-	27,667
Other local sources					33,021	-	33,021
Net proceeds from borrowings					-	216,959	216,959
Investment earnings					192	1,663	1,855
Interfund loans					(10,000)	10,000	-
Total general receipts					104,078	228,622	332,700
Change in net assets					19,756	49,661	69,417
Net assets - beginning					68,547	51,151	119,698
Net assets - ending					\$ 88,303	\$ 100,812	\$ 189,115
<u>Assets</u>							
Cash and investments					\$ 47,978	\$ (913)	\$ 47,065
Cash with fiscal agent					-	47,332	47,332
Restricted assets:							
Cash and investments					40,325	54,393	94,718
Total assets					\$ 88,303	\$ 100,812	\$ 189,115
<u>Net Assets</u>							
Restricted for:							
General government					\$ 3,589	\$ -	\$ 3,589
Public safety					(835)	-	(835)
Highways and streets					28,657	-	28,657
Debt service					-	47,332	47,332
Capital outlay					8,914	-	8,914
Other purposes					-	54,393	54,393
Unrestricted					47,978	(913)	47,065
Total net assets					\$ 88,303	\$ 100,812	\$ 189,115

The notes to the financial statements are an integral part of this statement.

TOWN OF HYMERA
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General Fund	Motor Vehicle Highway	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 53,198	\$ -	\$ -	\$ 53,198
Licenses and permits	-	-	130	130
Intergovernmental	19,582	35,822	6,748	62,152
Charges for services	699	-	2,183	2,882
Fines and forfeits	-	-	25	25
Interfund loans	10,000	-	-	10,000
Other	30,986	-	2,227	33,213
	<u>114,465</u>	<u>35,822</u>	<u>11,313</u>	<u>161,600</u>
Total receipts				
	<u>114,465</u>	<u>35,822</u>	<u>11,313</u>	<u>161,600</u>
Disbursements:				
General government	54,213	-	6,049	60,262
Public safety	42,901	-	292	43,193
Highways and streets	-	18,910	7,704	26,614
Interfund loans	10,000	-	-	10,000
Capital outlay:				
General government	-	-	1,775	1,775
	<u>107,114</u>	<u>18,910</u>	<u>15,820</u>	<u>141,844</u>
Total disbursements				
	<u>107,114</u>	<u>18,910</u>	<u>15,820</u>	<u>141,844</u>
Excess (deficiency) of receipts over disbursements	<u>7,351</u>	<u>16,912</u>	<u>(4,507)</u>	<u>19,756</u>
Other financing sources (uses):				
Transfers in	1,895	-	-	1,895
Transfers out	-	-	(1,895)	(1,895)
	<u>1,895</u>	<u>-</u>	<u>(1,895)</u>	<u>-</u>
Total other financing sources (uses)				
	<u>1,895</u>	<u>-</u>	<u>(1,895)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,246	16,912	(6,402)	19,756
Cash and investment fund balance - beginning	<u>33,425</u>	<u>5,707</u>	<u>29,415</u>	<u>68,547</u>
Cash and investment fund balance - ending	<u>\$ 42,671</u>	<u>\$ 22,619</u>	<u>\$ 23,013</u>	<u>\$ 88,303</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	\$ 42,671	\$ -	\$ 5,307	\$ 47,978
Restricted assets:				
Cash and investments	-	22,619	17,706	40,325
	<u>\$ 42,671</u>	<u>\$ 22,619</u>	<u>\$ 23,013</u>	<u>\$ 88,303</u>
Total cash and investment assets - ending				
	<u>\$ 42,671</u>	<u>\$ 22,619</u>	<u>\$ 23,013</u>	<u>\$ 88,303</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
General government	\$ -	\$ -	\$ 3,589	\$ 3,589
Public safety	-	-	(835)	(835)
Highways and streets	-	22,619	6,038	28,657
Capital outlay	-	-	8,914	8,914
Unrestricted	42,671	-	5,307	47,978
	<u>\$ 42,671</u>	<u>\$ 22,619</u>	<u>\$ 23,013</u>	<u>\$ 88,303</u>
Total cash and investment fund balance - ending				
	<u>\$ 42,671</u>	<u>\$ 22,619</u>	<u>\$ 23,013</u>	<u>\$ 88,303</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HYMERA
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2007

	<u>Wastewater</u>	<u>Water</u>	<u>Totals</u>
Operating receipts:			
Metered/measured	\$ 165,890	\$ 209,021	\$ 374,911
Penalties	4,495	1,078	5,573
Interfund loan proceeds	10,000	20,000	30,000
Miscellaneous	<u>6,979</u>	<u>6,375</u>	<u>13,354</u>
Total operating receipts	<u>187,364</u>	<u>236,474</u>	<u>423,838</u>
Operating disbursements:			
Salaries and wages	5,720	33,751	39,471
Purchased water	-	55,064	55,064
Purchased power	18,709	7,429	26,138
Chemicals	716	-	716
Material and supplies	12,539	29,791	42,330
Contractual services	24,016	12,150	36,166
Transportation	93	-	93
Insurance claims and expense	978	2,651	3,629
Refunds	-	2,151	2,151
Equipment and capital improvements	302,522	-	302,522
Interfund loans made/repaid	-	20,000	20,000
Miscellaneous	<u>9,963</u>	<u>78,785</u>	<u>88,748</u>
Total operating disbursements	<u>375,256</u>	<u>241,772</u>	<u>617,028</u>
Deficiency of operating receipts over operating disbursements	<u>(187,892)</u>	<u>(5,298)</u>	<u>(193,190)</u>
Nonoperating receipts (disbursements):			
Investment income	1,509	154	1,663
Net proceeds from borrowings	216,959	-	216,959
Debt service of principal	(42,000)	-	(42,000)
Interest disbursements	<u>(18,094)</u>	<u>-</u>	<u>(18,094)</u>
Total nonoperating receipts (disbursements)	<u>158,374</u>	<u>154</u>	<u>158,528</u>
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	<u>(29,518)</u>	<u>(5,144)</u>	<u>(34,662)</u>
Capital contributions	<u>84,323</u>	<u>-</u>	<u>84,323</u>
Excess (deficiency) of receipts and contributions in over disbursements	54,805	(5,144)	49,661
Cash and investment fund balance - beginning	<u>27,091</u>	<u>24,060</u>	<u>51,151</u>
Cash and investment fund balance - ending	<u>\$ 81,896</u>	<u>\$ 18,916</u>	<u>\$ 100,812</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ (3,852)	\$ 2,939	\$ (913)
Cash with fiscal agent	47,332	-	47,332
Restricted assets:			
Cash and investments	<u>38,416</u>	<u>15,977</u>	<u>54,393</u>
Total cash and investment assets - December 31	<u>\$ 81,896</u>	<u>\$ 18,916</u>	<u>\$ 100,812</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 47,332	\$ -	\$ 47,332
Other purposes	38,416	15,977	54,393
Unrestricted	<u>(3,852)</u>	<u>2,939</u>	<u>(913)</u>
Total cash and investment fund balance - December 31	<u>\$ 81,896</u>	<u>\$ 18,916</u>	<u>\$ 100,812</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HYMERA
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2007

	Payroll
Additions:	
Agency fund additions	\$ 100,419
Deductions:	
Agency fund deductions	111,111
Deficiency of total additions over total deductions	(10,692)
Cash and investment fund balance - beginning	(29,055)
Cash and investment fund balance - ending	\$ (39,747)

TOWN OF HYMERA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net Disbursement and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 82,414	\$ 2,727	\$ -	\$ -	\$ (79,687)	\$ -	\$ (79,687)
Public safety	22,678	130	-	11,397	(11,151)	-	(11,151)
Highways and streets	37,787	-	22,133	3,406	(12,248)	-	(12,248)
Health and welfare	8,784	-	-	-	(8,784)	-	(8,784)
Total governmental activities	<u>151,663</u>	<u>2,857</u>	<u>22,133</u>	<u>14,803</u>	<u>(111,870)</u>	<u>-</u>	<u>(111,870)</u>
Business-type activities:							
Wastewater	1,396,266	175,856	-	415,677	-	(804,733)	(804,733)
Water	196,144	210,346	-	-	-	14,202	14,202
Total business-type activities	<u>1,592,410</u>	<u>386,202</u>	<u>-</u>	<u>415,677</u>	<u>-</u>	<u>(790,531)</u>	<u>(790,531)</u>
Total primary government	<u>\$ 1,744,073</u>	<u>\$ 389,059</u>	<u>\$ 22,133</u>	<u>\$ 430,480</u>	<u>(111,870)</u>	<u>(790,531)</u>	<u>(902,401)</u>
General receipts:							
Property taxes					60,614	-	60,614
Intergovernmental					60,786	-	60,786
Other local sources					9,206	-	9,206
Net proceeds from borrowings					-	836,706	836,706
Investment earnings					210	1,691	1,901
Total general receipts					<u>130,816</u>	<u>838,397</u>	<u>969,213</u>
Change in net assets					18,946	47,866	66,812
Net assets - beginning					<u>88,303</u>	<u>100,812</u>	<u>189,115</u>
Net assets - ending					<u>\$ 107,249</u>	<u>\$ 148,678</u>	<u>\$ 255,927</u>
<u>Assets</u>							
Cash and investments					\$ 28,319	\$ 19,044	\$ 47,363
Cash with fiscal agent					-	53,166	53,166
Restricted assets:							
Cash and investments					<u>78,930</u>	<u>76,468</u>	<u>155,398</u>
Total assets					<u>\$ 107,249</u>	<u>\$ 148,678</u>	<u>\$ 255,927</u>
<u>Net Assets</u>							
Restricted for:							
General government					\$ 2,355	\$ -	\$ 2,355
Public safety					756	-	756
Highways and streets					29,780	-	29,780
Debt service					-	53,166	53,166
Capital outlay					46,039	-	46,039
Other purposes					-	76,468	76,468
Unrestricted					<u>28,319</u>	<u>19,044</u>	<u>47,363</u>
Total net assets					<u>\$ 107,249</u>	<u>\$ 148,678</u>	<u>\$ 255,927</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HYMERA
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

	General	Motor Vehicle Highway	Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 60,614	\$ -	\$ -	\$ -	\$ 60,614
Licenses and permits	-	-	-	130	130
Intergovernmental	17,385	28,409	34,416	17,512	97,722
Charges for services	777	-	-	1,950	2,727
Other	1,210	-	-	2,900	4,110
Total receipts	79,986	28,409	34,416	22,492	165,303
Disbursements:					
General government	80,691	-	-	1,723	82,414
Public safety	22,678	-	-	-	22,678
Highways and streets	-	19,226	-	18,561	37,787
Health and welfare	-	-	-	8,784	8,784
Total disbursements	103,369	19,226	-	29,068	151,663
Excess (deficiency) of receipts over disbursements	(23,383)	9,183	34,416	(6,576)	13,640
Other financing sources (uses):					
Transfers in	-	-	-	10,041	10,041
Transfers out	-	(3,067)	-	(6,974)	(10,041)
Other receipts	3,724	-	-	1,582	5,306
Total other financing sources (uses)	3,724	(3,067)	-	4,649	5,306
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,659)	6,116	34,416	(1,927)	18,946
Cash and investment fund balance - beginning	42,671	22,619	-	23,013	88,303
Cash and investment fund balance - ending	<u>\$ 23,012</u>	<u>\$ 28,735</u>	<u>\$ 34,416</u>	<u>\$ 21,086</u>	<u>\$ 107,249</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 23,012	\$ -	\$ -	\$ 5,307	\$ 28,319
Restricted assets:					
Cash and investments	-	28,735	34,416	15,779	78,930
Total cash and investment assets - ending	<u>\$ 23,012</u>	<u>\$ 28,735</u>	<u>\$ 34,416</u>	<u>\$ 21,086</u>	<u>\$ 107,249</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 2,355	\$ 2,355
Public safety	-	-	-	756	756
Highways and streets	-	28,735	-	1,045	29,780
Capital outlay	-	-	34,416	11,623	46,039
Unrestricted	23,012	-	-	5,307	28,319
Total cash and investment fund balance - ending	<u>\$ 23,012</u>	<u>\$ 28,735</u>	<u>\$ 34,416</u>	<u>\$ 21,086</u>	<u>\$ 107,249</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HYMERA
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2008

	<u>Wastewater</u>	<u>Water</u>	<u>Totals</u>
Operating receipts:			
Metered/measured	\$ 164,641	\$ 193,575	\$ 358,216
Penalties	5,633	1,277	6,910
Miscellaneous	<u>5,582</u>	<u>15,494</u>	<u>21,076</u>
Total operating receipts	<u>175,856</u>	<u>210,346</u>	<u>386,202</u>
Operating disbursements:			
Salaries and wages	7,138	46,026	53,164
Purchased water	-	54,929	54,929
Purchased power	18,559	5,017	23,576
Material and supplies	6,668	36,787	43,455
Contractual services	128,932	9,748	138,680
Rents	-	311	311
Insurance claims and expense	2,893	4,439	7,332
Refunds	1,285	1,271	2,556
Equipment and capital improvements	1,150,046	15,934	1,165,980
Miscellaneous	<u>5,253</u>	<u>21,682</u>	<u>26,935</u>
Total operating disbursements	<u>1,320,774</u>	<u>196,144</u>	<u>1,516,918</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(1,144,918)</u>	<u>14,202</u>	<u>(1,130,716)</u>
Nonoperating receipts (disbursements):			
Investment income	1,502	189	1,691
Net proceeds from borrowings	836,706	-	836,706
Debt service of principal	(51,000)	-	(51,000)
Interest disbursements	<u>(24,492)</u>	<u>-</u>	<u>(24,492)</u>
Total nonoperating receipts (disbursements)	<u>762,716</u>	<u>189</u>	<u>762,905</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(382,202)</u>	<u>14,391</u>	<u>(367,811)</u>
Capital contributions	<u>415,677</u>	<u>-</u>	<u>415,677</u>
Excess of receipts and contributions over disbursements	33,475	14,391	47,866
Cash and investment fund balance - beginning	<u>81,896</u>	<u>18,916</u>	<u>100,812</u>
Cash and investment fund balance - ending	<u>\$ 115,371</u>	<u>\$ 33,307</u>	<u>\$ 148,678</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 2,135	\$ 16,909	\$ 19,044
Cash with fiscal agent	53,166	-	53,166
Restricted assets:			
Cash and investments	<u>60,070</u>	<u>16,398</u>	<u>76,468</u>
Total cash and investment assets - December 31	<u>\$ 115,371</u>	<u>\$ 33,307</u>	<u>\$ 148,678</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 53,166	\$ -	\$ 53,166
Other purposes	60,070	16,398	76,468
Unrestricted	<u>2,135</u>	<u>16,909</u>	<u>19,044</u>
Total cash and investment fund balance - December 31	<u>\$ 115,371</u>	<u>\$ 33,307</u>	<u>\$ 148,678</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HYMERA
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2008

	Payroll
Additions:	
Agency fund additions	\$ 111,204
Deductions:	
Agency fund deductions	112,070
Deficiency of total additions over total deductions	(866)
Cash and investment fund balance - beginning	(39,747)
Cash and investment fund balance - ending	\$ (40,613)

TOWN OF HYMERA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, public improvements, general administrative services, water, and wastewater.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund accounts for financial resources accumulated and used for upgrades to roads and related infrastructure.

The economic development income tax fund accounts for financial resources accumulated for the purpose of future capital purchases, road work and construction.

The Town reports the following major proprietary funds:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The water utility fund accounts for the operation of the water distribution system.

Additionally, the Town reports the following fund type:

Agency fund accounts for assets held by the Town as an agent for its employees.

TOWN OF HYMERA
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in December. State statute (Indiana Code 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by

TOWN OF HYMERA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

TOWN OF HYMERA
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

TOWN OF HYMERA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the years ended December 31, 2007 and 2008, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2008
General	\$ 9,994
Local Road and Street	4,884
Cemetery	1,723
Total	\$ 16,601

These disbursements were funded by available fund balance.

C. Cash and Investment Balance Deficits

At December 31, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Accident Report	\$ 1,461	\$ -
Payroll	39,747	40,613

Cash and investment deficits arose primarily from disbursements exceeding receipts due to posting errors in current and prior periods; these deficits are to be repaid from future receipts.

TOWN OF HYMERA
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2008, the Town had the following investments:

Investment Type	Investment Maturities (in Years) Less Than 1
Mutual funds*	\$ 108,494

*The mutual funds had weighted average maturity of 49 days.

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

TOWN OF HYMERA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town must follow state statute and limit the stated final maturities of the investments to no more than two years. The Town does not have a formal investment policy for interest rate risk for investments.

Investment Type	Primary Government Market Value
Mutual funds	\$ 108,494

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The Town does not have a formal investment policy for credit risk for investments.

Standard and Poor's Rating	Moody's Rating	Town's Investments Mutual Funds
AAA	Aaa	\$ 108,494

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
Motor Vehicle Highway	Other governmental	\$ -	\$ 3,067
Other governmental	General Fund	1,895	-
	Other governmental	-	6,974
Totals		\$ 1,895	\$ 10,041

The Town typically uses transfers to correct errors or close out dormant funds.

TOWN OF HYMERA
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Subsequent Events

The Town has been awarded a Community Development Block Grant in the amount of \$32,000 for the purpose of planning a major upgrade to their water system.

C. Rate Structure – Enterprise Funds

Water Utility

On April 8, 2002, the Town Council adopted Ordinance 2002-02 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council in 2006.

Wastewater Utility

The current rate structure was approved by the Town Council on January 24, 2006.

TOWN OF HYMERA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Local Road And Street	Cemetery	Accident Report	Riverboat	Clean Lot Fines
Receipts:					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,822	-	-	-	-
Charges for services	-	2,180	3	-	-
Fines and forfeits	-	-	-	-	-
Other	-	2,189	-	-	-
Total receipts	3,822	4,369	3	-	-
Disbursements:					
General government	-	4,380	1,669	-	-
Public safety	-	-	-	-	-
Highways and streets	7,704	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Total disbursements	7,704	4,380	1,669	-	-
Excess (deficiency) of receipts over disbursements	(3,882)	(11)	(1,666)	-	-
Other financing uses:					
Transfers out	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,882)	(11)	(1,666)	-	-
Cash and investment fund balance - beginning	9,920	3,600	205	5,242	25
Cash and investment fund balance - ending	<u>6,038</u>	<u>3,589</u>	<u>(1,461)</u>	<u>5,242</u>	<u>25</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ 5,242	\$ 25
Restricted assets:					
Cash and investments	6,038	3,589	(1,461)	-	-
Total cash and investment assets - ending	<u>6,038</u>	<u>3,589</u>	<u>(1,461)</u>	<u>5,242</u>	<u>25</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ 3,589	\$ -	\$ -	\$ -
Public safety	-	-	(1,461)	-	-
Highways and streets	6,038	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	-	-	-	5,242	25
Total cash and investment fund balance - ending	<u>6,038</u>	<u>3,589</u>	<u>(1,461)</u>	<u>5,242</u>	<u>25</u>

TOWN OF HYMERA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Dog Fines	Gun Permits	Fire Truck	Cumulative Capital Improvement	Totals
Receipts:					
Licenses and permits	\$ -	\$ 130	\$ -	\$ -	\$ 130
Intergovernmental	-	-	-	2,926	6,748
Charges for services	-	-	-	-	2,183
Fines and forfeits	25	-	-	-	25
Other	-	36	2	-	2,227
	<u>-</u>	<u>36</u>	<u>2</u>	<u>-</u>	<u>2,227</u>
Total receipts	<u>25</u>	<u>166</u>	<u>2</u>	<u>2,926</u>	<u>11,313</u>
Disbursements:					
General government	-	-	-	-	6,049
Public safety	-	292	-	-	292
Highways and streets	-	-	-	-	7,704
Capital outlay:					
General government	-	-	-	1,775	1,775
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,775</u>	<u>1,775</u>
Total disbursements	<u>-</u>	<u>292</u>	<u>-</u>	<u>1,775</u>	<u>15,820</u>
Excess (deficiency) of receipts over disbursements	<u>25</u>	<u>(126)</u>	<u>2</u>	<u>1,151</u>	<u>(4,507)</u>
Other financing uses:					
Transfers out	-	-	(1,895)	-	(1,895)
	<u>-</u>	<u>-</u>	<u>(1,895)</u>	<u>-</u>	<u>(1,895)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25	(126)	(1,893)	1,151	(6,402)
Cash and investment fund balance - beginning	<u>15</u>	<u>752</u>	<u>1,893</u>	<u>7,763</u>	<u>29,415</u>
Cash and investment fund balance - ending	<u>\$ 40</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 8,914</u>	<u>\$ 23,013</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 40	\$ -	\$ -	\$ -	\$ 5,307
Restricted assets:					
Cash and investments	-	626	-	8,914	17,706
	<u>-</u>	<u>626</u>	<u>-</u>	<u>8,914</u>	<u>17,706</u>
Total cash and investment assets - ending	<u>\$ 40</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 8,914</u>	<u>\$ 23,013</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 3,589
Public safety	-	626	-	-	(835)
Highways and streets	-	-	-	-	6,038
Capital outlay	-	-	-	8,914	8,914
Unrestricted	40	-	-	-	5,307
	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,307</u>
Total cash and investment fund balance - ending	<u>\$ 40</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 8,914</u>	<u>\$ 23,013</u>

TOWN OF HYMERA
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2007

	Payroll
Additions:	
Agency fund additions	\$ 100,419
Deductions:	
Agency fund deductions	111,111
Deficiency of total additions over total deductions	(10,692)
Cash and investment fund balance - beginning	(29,055)
Cash and investment fund balance - ending	\$ (39,747)

TOWN OF HYMERA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

	<u>Local Road And Street</u>	<u>Cemetery</u>	<u>Accident Report</u>	<u>Riverboat</u>	<u>Clean Lot Fines</u>
Receipts:					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,406	-	-	-	-
Charges for services	-	1,950	-	-	-
Other	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	3,406	1,950	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Disbursements:					
General government	-	1,723	-	-	-
Highways and streets	18,561	-	-	-	-
Health and welfare	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	18,561	1,723	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts over disbursements	<u>(15,155)</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	8,580	-	1,461	-	-
Transfers out	-	(1,461)	-	-	-
Other receipts	1,582	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	10,162	(1,461)	1,461	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,993)	(1,234)	1,461	-	-
Cash and investment fund balance - beginning	<u>6,038</u>	<u>3,589</u>	<u>(1,461)</u>	<u>5,242</u>	<u>25</u>
Cash and investment fund balance - ending	<u>\$ 1,045</u>	<u>\$ 2,355</u>	<u>\$ -</u>	<u>\$ 5,242</u>	<u>\$ 25</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ 5,242	\$ 25
Restricted assets:					
Cash and investments	1,045	2,355	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment assets - ending	<u>\$ 1,045</u>	<u>\$ 2,355</u>	<u>\$ -</u>	<u>\$ 5,242</u>	<u>\$ 25</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ 2,355	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Highways and streets	1,045	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	-	-	-	5,242	25
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment fund balance - ending	<u>\$ 1,045</u>	<u>\$ 2,355</u>	<u>\$ -</u>	<u>\$ 5,242</u>	<u>\$ 25</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

TOWN OF HYMERA
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Dog Fines	Gun Permits	FEMA	Cumulative Capital Improvement	Totals
Receipts:					
Licenses and permits	\$ -	\$ 130	\$ -	\$ -	\$ 130
Intergovernmental	-	-	11,397	2,709	17,512
Charges for services	-	-	-	-	1,950
Other	-	-	2,900	-	2,900
	<u>-</u>	<u>-</u>	<u>2,900</u>	<u>-</u>	<u>2,900</u>
Total receipts	<u>-</u>	<u>130</u>	<u>14,297</u>	<u>2,709</u>	<u>22,492</u>
Disbursements:					
General government	-	-	-	-	1,723
Highways and streets	-	-	-	-	18,561
Health and welfare	-	-	8,784	-	8,784
	<u>-</u>	<u>-</u>	<u>8,784</u>	<u>-</u>	<u>8,784</u>
Total disbursements	<u>-</u>	<u>-</u>	<u>8,784</u>	<u>-</u>	<u>29,068</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>130</u>	<u>5,513</u>	<u>2,709</u>	<u>(6,576)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	10,041
Transfers out	-	-	(5,513)	-	(6,974)
Other receipts	-	-	-	-	1,582
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,582</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,513)</u>	<u>-</u>	<u>4,649</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>130</u>	<u>-</u>	<u>2,709</u>	<u>(1,927)</u>
Cash and investment fund balance - beginning	<u>40</u>	<u>626</u>	<u>-</u>	<u>8,914</u>	<u>23,013</u>
Cash and investment fund balance - ending	<u>\$ 40</u>	<u>\$ 756</u>	<u>\$ -</u>	<u>\$ 11,623</u>	<u>\$ 21,086</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 40	\$ -	\$ -	\$ -	\$ 5,307
Restricted assets:					
Cash and investments	-	756	-	11,623	15,779
	<u>-</u>	<u>756</u>	<u>-</u>	<u>11,623</u>	<u>15,779</u>
Total cash and investment assets - ending	<u>\$ 40</u>	<u>\$ 756</u>	<u>\$ -</u>	<u>\$ 11,623</u>	<u>\$ 21,086</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 2,355
Public safety	-	756	-	-	756
Highways and streets	-	-	-	-	1,045
Capital outlay	-	-	-	11,623	11,623
Unrestricted	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,307</u>
Total cash and investment fund balance - ending	<u>\$ 40</u>	<u>\$ 756</u>	<u>\$ -</u>	<u>\$ 11,623</u>	<u>\$ 21,086</u>

TOWN OF HYMERA
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2008

	Payroll
Additions:	
Agency fund additions	\$ 111,204
Deductions:	
Agency fund deductions	112,070
Deficiency of total additions over total deductions	(866)
Cash and investment fund balance - beginning	(39,747)
Cash and investment fund balance - ending	\$ (40,613)

TOWN OF HYMERA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

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:		
State Revolving Fund loan to upgrade system	\$ 1,157,612	\$ 44,557
Supplemental loan to consolidate old loans	<u>227,000</u>	<u>56,775</u>
Total business-type activities debt	<u>\$ 1,384,612</u>	<u>\$ 101,332</u>

TOWN OF HYMERA
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS (Town)

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2008	\$ 9,994
Local Road and Street	2008	4,884
Cemetery	2008	1,723

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."

CAPITAL ASSET RECORDS (Town and Utilities)

As stated in prior Reports B29911, B20573, B15271, B10768, B11389, and B22991, the Town and Utilities do not maintain sufficient detailed records of capital assets. City and Town Form 211 Capital Assets Ledger is not in use.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

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)

HANDGUN PERMITS

IC 35-47-2-3 was amended to allow for the issuance of a lifetime gun permit, requiring an application fee of \$50 for an applicant currently possessing a valid Indiana handgun license and \$40 for an applicant not currently possessing a valid Indiana handgun license.

Throughout the audit period, the Town Marshal charged only \$10, the statutory application fee for a four-year permit, for all gun permit applications. The Marshal began charging the appropriate fee, in 2009.

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)

TOWN OF HYMERA
AUDIT RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS (Town and Utilities)

The following deficiencies were present during our period of audit:

- (1) There was a considerable number of posting errors. These errors included tax distributions posted to incorrect funds, customer deposit receipts posted to the operating fund, and payroll taxes not properly transferred into the Payroll Fund.

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)

- (2) Some transactions related to payroll, investments and customer deposits were recorded up to four months after they occurred.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OPTICAL IMAGES OF WARRANTS (Town and Utilities)

As stated in prior Report B29911, 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. The Town should request that the bank also provide an image of the backs of the checks.

IC 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, IC 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)."

TOWN OF HYMERA
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES (TOWN)

The cash balance of the Accident Report Fund was overdrawn in 2007 due to a posting error that was corrected in 2008. The cash balance of the Payroll Fund was overdrawn in 2007 and 2008 due to accumulated posting errors over several years.

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)

RECORD INFORMATION (Town)

The total cash balance in the Town's computerized general ledger does not agree with the reconciled bank balance. The bank has \$1,449 more than the ledger.

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)

TRANSACTION RECORDING (Town and Wastewater Utility)

Receipts, disbursements and balances of the FEMA Disaster Assistance Grant were not entered into the records of the Town. Receipts, disbursements and balances of the Community Development Block Grant were not entered in the records of the Wastewater Utility.

These federal grants were kept in separate bank accounts but a Ledger of Receipts, Disbursements and Balances was not used.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Hymera (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 27, 2009

TOWN OF HYMERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/Small Cities Program	14.219	CF-06-217	\$ 84,323	\$ 415,677
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW0562771	78,255	301,793
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		-	11,397
Total federal awards expended			<u>\$ 162,578</u>	<u>\$ 728,867</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF HYMERA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Hymera (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (Indiana Code 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Loans Outstanding

The Town had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2007 and 2008. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 78,255	\$ 301,793

TOWN OF HYMERA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.219	Community Development Block Grants/Small Cities Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF HYMERA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF HYMERA
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2009, with Jillena M. Street, Clerk-Treasurer; and Russell Knight, President of the Town Council. The officials concurred with our audit findings.