

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

EXAMINATION REPORT
OF
TOWN OF HARMONY
CLAY COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/30/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Donna J. Mullinix

01-01-08 to 12-31-11

President of the
Town Council

O. Janice Gooch

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HARMONY, CLAY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Harmony (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 21, 2010

TOWN OF HARMONY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
Governmental Funds:				
General	\$ 82,052	\$ 78,377	\$ 70,083	\$ 90,346
Motor Vehicle Highway	28,405	17,061	30,018	15,448
Local Road and Street	18,819	2,966	19,000	2,785
Park and Recreation	5,221	5,100	-	10,321
Law Enforcement Continuing Education	400	50	200	250
Riverboat	4,670	3,865	-	8,535
Rainy Day	-	4,057	1,333	2,724
Debt Service	10,072	15,494	12,044	13,522
Cumulative Capital Improvement	2,584	2,002	-	4,586
Cumulative Capital Development	6,434	3,090	1	9,523
Storm Sewer Construction	25,863	4,733	23,911	6,685
Community Center	803	2,400	2,553	650
Jackpot Interest	-	1,989	1,972	17
Build Indiana Fund	-	2,862	-	2,862
Totals	\$ 185,323	\$ 144,046	\$ 161,115	\$ 168,254
	Cash and Investments		Cash and Investments	
	01-01-09	Receipts	Disbursements	12-31-09
Governmental Funds:				
General	\$ 90,346	\$ 83,219	\$ 72,653	\$ 100,912
Motor Vehicle Highway	15,448	16,235	13,483	18,200
Local Road and Street	2,785	2,813	-	5,598
Park and Recreation	10,321	5,000	-	15,321
Law Enforcement Continuing Education	250	350	-	600
Riverboat	8,535	3,855	-	12,390
Rainy Day	2,724	-	-	2,724
Debt Service	13,522	12,013	13,522	12,013
Cumulative Capital Improvement	4,586	1,889	-	6,475
Cumulative Capital Development	9,523	2,603	-	12,126
Storm Sewer Construction	6,685	4,197	-	10,882
Community Center	650	4,200	3,456	1,394
Jackpot Interest	17	1,492	-	1,509
Build Indiana Fund	2,862	-	-	2,862
McCollister Memorial Fund	-	145	-	145
Totals	\$ 168,254	\$ 138,011	\$ 103,114	\$ 203,151

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

TOWN OF HARMONY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, 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 Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

TOWN OF HARMONY
NOTES TO FINANCIAL INFORMATION
(Continued)

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. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF HARMONY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 480,000
Machinery and equipment	<u>747,356</u>
 Total	 <u>\$ 1,227,356</u>

TOWN OF HARMONY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General obligation bonds:		
2000 Storm Water Bond	\$ 52,600	\$ 12,044

TOWN OF HARMONY
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2010, with Donna J. Mullinix, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.