

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF HARMONY

CLAY COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
10/19/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-19
Schedule of Leases and Debt .....	20
Schedule of Capital Assets.....	21
Examination Results and Comments:	
Annual Report Not Filed Timely.....	22
Prescribed Form .....	22
Exit Conference.....	23

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Mullinix	01-01-08 to 12-31-15
President of the Town Council	O. Janice Gooch	01-01-10 to 12-31-12



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Town of Harmony (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity 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

September 18, 2012

(This page intentionally left blank.)

## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF HARMONY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 100,913	\$ 84,651	\$ 68,330	\$ 117,234
Motor Vehicle Highway	18,200	16,555	11,398	23,357
Local Road And Street	5,598	2,904	7,140	1,362
Law Enforcement Continuing Ed	600	140	-	740
Riverboat	12,390	3,855	-	16,245
Park Donation	15,321	37	-	15,358
Community Building/Center	1,394	4,350	2,956	2,788
Rainy Day	2,724	1,287	-	4,011
Levy Excess	-	206	-	206
Loit-Public Safety	-	10,769	-	10,769
Build Indiana Bif	2,862	-	-	2,862
Jackpot Interest Fund	1,509	480	-	1,989
Debt Service - Other	12,013	5,947	12,626	5,334
Cumulative Capital Development	12,126	2,467	-	14,593
Cumulative Capital Improvement	6,475	1,803	-	8,278
Mccollister Memorial	145	-	-	145
Storm Water Maintenance	10,882	-	1,660	9,222
Totals	<u>\$ 203,152</u>	<u>\$ 135,451</u>	<u>\$ 104,110</u>	<u>\$ 234,493</u>

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

TOWN OF HARMONY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 117,234	\$ 78,639	\$ 74,715	\$ 121,158
Motor Vehicle Highway	23,357	14,883	7,857	30,383
Local Road And Street	1,362	4,169	1,400	4,131
Law Enforcement Continuing Ed	740	-	-	740
Riverboat	16,245	3,855	6,552	13,548
Rainy Day	4,011	-	-	4,011
Levy Excess	206	-	-	206
Cumulative Capital Development	14,593	5,788	-	20,381
Donation - Tornado Siren	-	14,685	7,075	7,610
Cumulative Capital Improvement	8,278	1,769	-	10,047
Debt Service	5,334	19,190	12,043	12,481
Storm Water Maintenance	9,222	2,977	-	12,199
Park Donation	15,358	5,726	15,193	5,891
Community Building/Center	2,788	5,325	5,694	2,419
Loit-Public Safety	10,769	9,437	6,468	13,738
Build Indiana Bif	2,862	-	2,862	-
Jackpot Interest Fund	1,989	-	1,989	-
Mccollister Memorial	145	16	-	161
Totals	<u>\$ 234,493</u>	<u>\$ 166,459</u>	<u>\$ 141,848</u>	<u>\$ 259,104</u>

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

TOWN OF HARMONY  
NOTES TO FINANCIAL STATEMENTS

**Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, storm water, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the

TOWN OF HARMONY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

TOWN OF HARMONY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

TOWN OF HARMONY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 5. Risk Management**

The Town may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

(This page intentionally left blank.)

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF HARMONY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Park Donation
Cash and investments - beginning	\$ 100,913	\$ 18,200	\$ 5,598	\$ 600	\$ 12,390	\$ 15,321
Receipts:						
Taxes	41,635	-	-	-	-	-
Licenses and permits	303	-	-	140	-	-
Intergovernmental	37,622	16,555	2,904	-	3,855	-
Charges for services	443	-	-	-	-	-
Fines and forfeits	4,215	-	-	-	-	-
Other receipts	433	-	-	-	-	37
Total receipts	<u>84,651</u>	<u>16,555</u>	<u>2,904</u>	<u>140</u>	<u>3,855</u>	<u>37</u>
Disbursements:						
Personal services	28,398	1,219	-	-	-	-
Supplies	2,827	95	-	-	-	-
Other services and charges	36,415	10,084	7,140	-	-	-
Other disbursements	690	-	-	-	-	-
Total disbursements	<u>68,330</u>	<u>11,398</u>	<u>7,140</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>16,321</u>	<u>5,157</u>	<u>(4,236)</u>	<u>140</u>	<u>3,855</u>	<u>37</u>
Cash and investments - ending	<u>\$ 117,234</u>	<u>\$ 23,357</u>	<u>\$ 1,362</u>	<u>\$ 740</u>	<u>\$ 16,245</u>	<u>\$ 15,358</u>

TOWN OF HARMONY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Community Building/Center	Rainy Day	Levy Excess	Loit-Public Safety	Build Indiana Bif	Jackpot Interest Fund
Cash and investments - beginning	\$ 1,394	\$ 2,724	\$ -	\$ -	\$ 2,862	\$ 1,509
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	1,287	-	10,769	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	4,350	-	206	-	-	480
Total receipts	<u>4,350</u>	<u>1,287</u>	<u>206</u>	<u>10,769</u>	<u>-</u>	<u>480</u>
Disbursements:						
Personal services	1,081	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Other disbursements	1,875	-	-	-	-	-
Total disbursements	<u>2,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,394</u>	<u>1,287</u>	<u>206</u>	<u>10,769</u>	<u>-</u>	<u>480</u>
Cash and investments - ending	<u>\$ 2,788</u>	<u>\$ 4,011</u>	<u>\$ 206</u>	<u>\$ 10,769</u>	<u>\$ 2,862</u>	<u>\$ 1,989</u>

TOWN OF HARMONY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Debt Service - Other	Cumulative Capital Development	Cumulative Capital Improvement	Mccollister Memorial	Storm Water Maintenance	Totals
Cash and investments - beginning	\$ 12,013	\$ 12,126	\$ 6,475	\$ 145	\$ 10,882	\$ 203,152
Receipts:						
Taxes	5,488	2,277	-	-	-	49,400
Licenses and permits	-	-	-	-	-	443
Intergovernmental	459	190	1,803	-	-	75,444
Charges for services	-	-	-	-	-	443
Fines and forfeits	-	-	-	-	-	4,215
Other receipts	-	-	-	-	-	5,506
Total receipts	<u>5,947</u>	<u>2,467</u>	<u>1,803</u>	<u>-</u>	<u>-</u>	<u>135,451</u>
Disbursements:						
Personal services	-	-	-	-	-	30,698
Supplies	-	-	-	-	-	2,922
Other services and charges	12,146	-	-	-	1,660	67,445
Other disbursements	480	-	-	-	-	3,045
Total disbursements	<u>12,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,660</u>	<u>104,110</u>
Excess (deficiency) of receipts over disbursements	<u>(6,679)</u>	<u>2,467</u>	<u>1,803</u>	<u>-</u>	<u>(1,660)</u>	<u>31,341</u>
Cash and investments - ending	<u>\$ 5,334</u>	<u>\$ 14,593</u>	<u>\$ 8,278</u>	<u>\$ 145</u>	<u>\$ 9,222</u>	<u>\$ 234,493</u>

TOWN OF HARMONY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 117,234	\$ 23,357	\$ 1,362	\$ 740	\$ 16,245	\$ 4,011	\$ 206
Receipts:							
Taxes	42,534	-	-	-	-	-	-
Licenses and permits	113	-	-	-	-	-	-
Intergovernmental	34,539	14,883	4,169	-	3,855	-	-
Charges for services	1,001	-	-	-	-	-	-
Fines and forfeits	50	-	-	-	-	-	-
Other receipts	402	-	-	-	-	-	-
Total receipts	<u>78,639</u>	<u>14,883</u>	<u>4,169</u>	<u>-</u>	<u>3,855</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	31,686	-	-	-	-	-	-
Supplies	9,203	-	-	-	-	-	-
Other services and charges	27,376	7,857	1,400	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	6,552	-	-
Other disbursements	6,450	-	-	-	-	-	-
Total disbursements	<u>74,715</u>	<u>7,857</u>	<u>1,400</u>	<u>-</u>	<u>6,552</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,924</u>	<u>7,026</u>	<u>2,769</u>	<u>-</u>	<u>(2,697)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 121,158</u>	<u>\$ 30,383</u>	<u>\$ 4,131</u>	<u>\$ 740</u>	<u>\$ 13,548</u>	<u>\$ 4,011</u>	<u>\$ 206</u>

TOWN OF HARMONY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Cumulative Capital Development	Donation - Tornado Siren	Cumulative Capital Improvement	Debt Service	Storm Water Maintenance	Park Donation
Cash and investments - beginning	\$ 14,593	\$ -	\$ 8,278	\$ 5,334	\$ 9,222	\$ 15,358
Receipts:						
Taxes	5,372	-	-	17,885	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	416	-	1,769	1,305	2,977	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	14,685	-	-	-	5,726
Total receipts	<u>5,788</u>	<u>14,685</u>	<u>1,769</u>	<u>19,190</u>	<u>2,977</u>	<u>5,726</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	12,043	-	-
Capital outlay	-	7,075	-	-	-	15,193
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>7,075</u>	<u>-</u>	<u>12,043</u>	<u>-</u>	<u>15,193</u>
Excess (deficiency) of receipts over disbursements	<u>5,788</u>	<u>7,610</u>	<u>1,769</u>	<u>7,147</u>	<u>2,977</u>	<u>(9,467)</u>
Cash and investments - ending	<u>\$ 20,381</u>	<u>\$ 7,610</u>	<u>\$ 10,047</u>	<u>\$ 12,481</u>	<u>\$ 12,199</u>	<u>\$ 5,891</u>

TOWN OF HARMONY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Community Building/Center	Loit-Public Safety	Build Indiana Bif	Jackpot Interest Fund	Mccollister Memorial	Totals
Cash and investments - beginning	\$ 2,788	\$ 10,769	\$ 2,862	\$ 1,989	\$ 145	\$ 234,493
Receipts:						
Taxes	-	-	-	-	-	65,791
Licenses and permits	-	-	-	-	-	113
Intergovernmental	-	9,437	-	-	-	73,350
Charges for services	5,325	-	-	-	-	6,326
Fines and forfeits	-	-	-	-	-	50
Other receipts	-	-	-	-	16	20,829
Total receipts	<u>5,325</u>	<u>9,437</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>166,459</u>
Disbursements:						
Personal services	-	-	-	-	-	31,686
Supplies	-	-	-	-	-	9,203
Other services and charges	5,694	3,300	-	-	-	45,627
Debt service - principal and interest	-	-	-	-	-	12,043
Capital outlay	-	3,168	2,862	1,989	-	36,839
Other disbursements	-	-	-	-	-	6,450
Total disbursements	<u>5,694</u>	<u>6,468</u>	<u>2,862</u>	<u>1,989</u>	<u>-</u>	<u>141,848</u>
Excess (deficiency) of receipts over disbursements	<u>(369)</u>	<u>2,969</u>	<u>(2,862)</u>	<u>(1,989)</u>	<u>16</u>	<u>24,611</u>
Cash and investments - ending	<u>\$ 2,419</u>	<u>\$ 13,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161</u>	<u>\$ 259,104</u>

TOWN OF HARMONY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Construct Storm Sewers	\$ 33,000	\$ 12,068
Totals		<u>\$ 33,000</u>	<u>\$ 12,068</u>

TOWN OF HARMONY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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>Ending Balance</u>
Governmental activities:	
Buildings	\$ 480,000
Machinery, equipment and vehicles	<u>747,356</u>
Total governmental activities	<u>1,227,356</u>
Total capital assets	<u><u>\$ 1,227,356</u></u>

TOWN OF HARMONY  
EXAMINATION RESULTS AND COMMENTS

***ANNUAL REPORT NOT FILED TIMELY***

The Town of Harmony's annual report for 2010 was filed on March 31, 2011. The annual report should have been filed by March 1, 2011.

Indiana Code 5-11-1-4 states in part:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. "

***PRESCRIBED FORM***

The following prescribed or approved form was not in use: General Form 99B Employees Earnings Record

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HARMONY  
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2012, with Donna Mullinix, Clerk-Treasurer, and O. Janice Gooch, President of the Town Council. The officials concurred with our findings.