

HARMONY TOWNSHIP
CLARK COUNTY
REGULAR AUDIT
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2008 AND 2007
YEARS AUDITED UNDER GAGAS: 2008 AND 2007

CAUDILL & ASSOCIATES CPA's.

725 5TH Street
Portsmouth, Ohio 45662



Mary Taylor, CPA
Auditor of State

Board of Trustees
Harmony Township
P.O. Box 212
South Vienna, Ohio 45369

We have reviewed the *Independent Auditor's Report* of Harmony Township, Clark County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Harmony Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 27, 2009

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**HARMONY TOWNSHIP
CLARK COUNTY, OHIO**

TABLE OF CONTENTS

| TITLE | Page |
|--|-------------|
| Independent Auditor's Report..... | 1 |
| Management's Discussion and Analysis..... | 3 |
| Financial Statements: | |
| 2008 Government-Wide Financial Statements: | |
| Statement of Net Assets-Cash Basis (2008)..... | 10 |
| Statement of Activities-Cash Basis (2008) | 11 |
| 2007 Government-Wide Financial Statements: | |
| Statement of Net Assets-Cash Basis (2007)..... | 12 |
| Statement of Activities-Cash Basis (2007) | 13 |
| 2008 Fund Financial Statements: | |
| Statement of Assets and Fund Balances-Cash Basis-Governmental Funds | 14 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Governmental Funds | 15 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual - General Fund | 16 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual - Gasoline Tax Fund | 17 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual - Fire Levy Fund..... | 18 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual - Ambulance Emergency Levy Fund | 19 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual - Road District Special Levy Fund | 20 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual - EMS Billing Fund | 21 |

2007 Fund Financial Statements:

| | |
|---|----|
| Statement of Assets and Fund Balances-Cash Basis-Governmental Funds | 22 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Governmental Funds | 23 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual-General Fund..... | 24 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Gasoline Tax Fund..... | 25 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual –Road and Bridge Fund | 26 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Fire Levy Fund | 27 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Road District Special Levy Fund..... | 28 |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – EMS Billing Fund..... | 29 |
| Notes to the Financial Statements..... | 30 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 43 |

Caudill & Associates, CPA's
725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Independent Auditor's Report

Board of Trustees
Harmony Township
Clark County
P.O. Box 212
South Vienna, Ohio 45369

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Harmony Township (The Township), Clark County, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 opinion.

As described more fully in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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 financial position-cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Harmony Township, Clark County, Ohio as of December 31, 2008, and 2007, and the respective changes in financial position-cash basis and the respective budgetary comparisons for the General Fund, Fire Levy Fund, Road District Special Levy Fund, EMS Billing Fund, Ambulance Emergency Levy Fund, Road and Bridge Fund and Gasoline Tax Fund, thereof and for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2009, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Trustees
Harmony Township

Independent Auditor's Report

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Generally Accepted Accounting Principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Caudill & Associates, CPAs

Caudill & Associates, CPAs

April 3, 2009

Harmony Township
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

This management discussion and analysis of the Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the financial statements and notes to enhance their understanding of the Township's financial performance.

Key financial highlights for the fiscal year 2008 and 2007 are as follows:

- Net assets of governmental activities decreased \$207,442 or 14.48% in 2008 and increased \$211,895 or 17.36% in 2007.
- General cash receipts accounted for \$550,782 or 69.38% of all cash receipts in 2008, and \$502,905 or 66.67% in 2007. Program cash receipts in the form of charges for services, grants, and contributions, accounted for \$243,112 or 30.62% in 2008, and \$251,451 or 33.33% in 2007.
- The Township had \$1,001,336 and \$542,459 in cash disbursements related to governmental activities in 2008 and 2007 respectively; only \$243,112 and \$251,451 of these cash disbursements, respectively, were offset by program specific charges for services, grants, and contributions.
- The Township's major governmental funds were the General Fund, the Gasoline Tax Fund, the Fire Levy Fund, the Road District Special Levy Fund, the Emergency Management Service Billing Fund, Ambulance Emergency Fund (only in 2008), and the Road and Bridge Fund (only in 2007).
- The General Fund had \$113,887 and \$142,576 in revenues and other financing sources in 2008 and 2007 respectively; and \$130,857 and \$115,121, respectively in expenditures and other financing uses. The General Fund's fund balance decreased \$16,970 from \$417,250 to \$400,280 in 2008; and increased \$27,455 to \$417,250 from \$389,795 in 2007.
- Another Township major governmental fund is the Gasoline Tax Fund. The Gasoline Tax Fund had \$88,105 and \$99,623 in revenues and other financing sources in 2008 and 2007 respectively; and \$142,231, and \$56,776, respectively, in expenditures and other financing sources. The Gasoline Tax Fund balance decreased \$54,126 from \$154,810 to \$100,684 in 2008, and increased \$42,847 to \$154,810 from \$111,963 in 2007.
- The Fire Levy Fund had \$111,407 and \$115,457 in revenues and other financing sources in 2008 and 2007 respectively; and \$116,230 and \$115,812, respectively, in expenditures and other financing uses. The Fire Levy Fund balance decreased \$4,823 to \$50,286 from \$55,109 in 2008; and decreased by \$355 from \$55,464 to \$55,109 in 2007.
- The Road District Special Levy Fund had \$99,565 and \$102,884 in revenues and other financing sources in 2008 and 2007 respectively; and \$166,069 and \$67,829, respectively in expenditures and other financing uses. The Road District Special Levy Fund's fund balance decreased \$66,504 to \$72,585 from \$139,089 in 2008; and increased \$35,055 to \$139,089 from \$104,034 in 2007.
- The EMS Billing Fund had \$78,069 and \$70,877 in revenues and other financing sources in 2008 and 2007 respectively; and \$101,082 and \$16,796, respectively in expenditures and other financing uses. The EMS Billing Fund's fund balance decreased \$23,013 from \$283,544 to \$260,531 in 2008; and increased \$54,081 to \$283,544 from \$229,463 in 2007.
- The Ambulance Emergency Fund had \$122,577 in revenues and other financing sources in 2008, and \$66,732 in expenditures and other financing uses. The Ambulance Emergency Fund's fund balance increased \$55,845 to \$176,758 from 120,913 in 2008.

Harmony Township
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

- The Road and Bridge Fund had \$71,666 in revenues and other financing sources in 2007, and \$58,316 in expenditures and other financing uses. The Road and Bridge Fund's fund balance increased \$13,350 to \$71,099 from \$57,749 in 2007.

Using the Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, one should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

Harmony Township
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Governmental activities: Most of the Township's basic services are reported here, including police, fire, streets, parks, and EMS. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental, and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed short-term view of the Township's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance educational programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. See Note 2 to the financial statements in the section entitled *Government-Wide Financial Statements*.

Fiduciary Funds - The Township only has one trust fund. All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets – Cash Basis. We excluded these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the cash basis of accounting

The Government as a Whole

Table 1 provides a summary of the Government's net assets for 2008 compared to 2007 and 2006 on a cash basis:

(Table 1)
Net Assets

| | Governmental Activities | | |
|---------------------------|-------------------------|--------------|-------------|
| | 2008 | 2007 | 2006 |
| Assets | | | |
| Cash and Cash Equivalents | \$ 946,304 | \$ 1,151,644 | \$ 900,941 |
| Investments | 278,943 | 281,045 | 319,853 |
| Total Assets | 1,225,247 | 1,432,689 | 1,220,794 |
| Net Assets | | | |
| Restricted for: | | | |
| Other Purposes | 824,966 | 1,015,439 | 830,999 |
| Unrestricted | 400,281 | 417,250 | 389,795 |
| Total Net Assets | \$1,225,247 | 1,432,689 | \$1,220,794 |

Harmony Township
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

As mentioned previously, net assets of governmental activities decreased \$207,442 or 14.48% percent, and increased \$211,895 or 17.36%, in 2008 and 2007 respectively. Net assets decreased in 2008 mainly due to capital outlay. The 2007 increase was mainly due to increased tax revenues.

Table 2 reflects the changes in net assets in 2008, 2007 and 2006.

(Table 2)
Changes in Net Assets

| | Governmental Activities | | |
|--|-------------------------|--------------------|--------------------|
| | 2008 | 2007 | 2006 |
| Receipts: | | | |
| Program Receipts: | | | |
| Charges for Services and Sales | \$108,003 | \$101,234 | \$108,795 |
| Operating Grants and Contributions | 135,109 | 150,217 | 177,083 |
| Total Program Receipts | 243,112 | 251,451 | 285,878 |
| General Receipts: | | | |
| Property and Other Local Taxes | 440,724 | 378,436 | 319,163 |
| Grants and Entitlements Not Restricted to Specific Programs | 67,193 | 63,349 | 182,751 |
| Proceeds from the Sale of Notes | 0 | 0 | 62,000 |
| Interest | 30,144 | 49,480 | 55,547 |
| Miscellaneous | 12,721 | 11,640 | 11,519 |
| Total General Receipts | 550,782 | 502,905 | 630,980 |
| Total Receipts | 793,894 | 754,356 | 916,858 |
| Disbursements: | | | |
| General Government | 119,108 | 96,102 | 93,256 |
| Public Safety | 231,073 | 123,524 | 120,674 |
| Public Health Services | 23,280 | 34,910 | 25,189 |
| Public Works | 162,557 | 204,877 | 213,625 |
| Capital Outlay | 451,013 | 13,378 | 203,115 |
| Principal Retirement | 11,787 | 64,387 | 62,270 |
| Interest and Fiscal Charges | 2,518 | 5,283 | 4,702 |
| Total Disbursements | 1,001,336 | 542,461 | 722,831 |
| Increase (Decrease) in Net Assets | (207,442) | 211,895 | 194,027 |
| Beginning Net Assets | 1,432,689 | 1,220,794 | 1,026,767 |
| Net Assets, End of Year | \$1,225,247 | \$1,432,689 | \$1,220,794 |

Program receipts represent only 30.62% and 33.33% of total receipts in 2008 and 2007 respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and Emergency Management Services under contract.

General receipts represent 69.38% and 66.67% of the Township's total receipts in 2008 and 2007 respectively, and of this amount, 80.02% and 75.25% are local taxes. State and federal grants and entitlements represent 12.20% and 12.60% of the Government's general receipts for 2008 and 2007 respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Harmony Township
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of Trustees, Clerk, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 15 % of General Fund unrestricted receipts.

Public Works costs, which, account for the Township's maintenances of roads, bridges, etc., represent 16.23% and 37.78% of the Township's cash disbursements in 2008 and 2007, respectively. Capital Outlay, which reflects the Township's acquisition of equipments for Fire and Emergency Management Services, was also a major source of disbursements, accounting for 45.04% and 2.47% of total cash disbursements in 2008 and 2007, respectively. Public Safety, through the Township's fire and emergency services was responsible for 23.08% and 22.77% of total cash disbursements in 2008 and 2007, respectively.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 (next) shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements

(Table 3)

| | Governmental Activities | | | |
|-----------------------------|--------------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost Of Services | Net Cost of Services | Total Cost Of Services | Net Cost of Services |
| | 2008 | 2008 | 2007 | 2007 |
| General Government | \$ 119,108 | \$ (117,724) | \$ 96,102 | \$ (92,953) |
| Public Safety | 231,073 | (150,607) | 123,524 | (48,842) |
| Public Work | 162,557 | (28,992) | 204,875 | (58,113) |
| Public Health | 23,280 | 4,417 | 34,910 | (8,052) |
| Capital Outlay | 451,013 | (451,013) | 13,378 | (13,378) |
| Principal Retirement | 11,787 | (11,787) | 64,387 | (64,387) |
| Interest and Fiscal Charges | 2,518 | (2,518) | 5,283 | (5,283) |
| Total Expenses | \$ 1,001,336 | \$ (758,224) | \$ 542,459 | \$ (291,008) |

The dependence upon property and income tax receipts is apparent as over 44% of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$793,895 and \$754,356 in 2008 and 2007 respectively, and had disbursements of \$1,001,337 and \$542,459 in 2008 and 2007 respectively.

In Fiscal year 2008, the greatest change within governmental funds occurred within the Gasoline Tax Fund, the EMS Billing Fund and the Road District Special Levy Fund.

During that year, the fund balance of the Gasoline Tax Fund decreased \$54,126 as the result of increased capital outlay expenditures.

The EMS Billing Fund balance decreased \$23,013 fueled by the increase in public safety expenditures.

The Road District Special Levy Fund balance decreased by \$66,504 in 2008, mostly because of the increase in capital outlay expenditures.

Harmony Township
 Management's Discussion and Analysis
 For the Years Ended December 31, 2008 and 2007
 Unaudited

In Fiscal year 2007, major changes in fund balances occurred within the Gasoline Tax Fund and the EMS Billing Fund.

The Gasoline Tax Fund balance increased \$42,847 to \$154,810, mainly because of increased taxes and intergovernmental receipts compared to expenditures.

The EMS Billing Fund balance increased \$54,081 to \$283,544, fueled by increased charges for services revenues.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2008, several revisions were made to the General Fund estimated receipts, which were increased from the original estimates by \$14,866 to \$113,887. The General Fund's ending unobligated cash balance was \$400,280.

In 2007, estimated receipts were also revised and increased from original estimates by \$25,854 to \$142,576 due to increased intergovernmental and interest receipts. The General Fund's ending unobligated cash balance was \$417,250.

Capital Assets and Debt Administration

Capital Assets

The Township does not record capital assets in the accompanying financial statements, but records payments for capital assets as disbursements. The Township had capital outlay disbursements of \$451,013 and \$13,378 during fiscal year 2008 and 2007, respectively.

Debt

Under the cash basis of accounting the Township does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about the Township's long-term debt. At December 31, 2008, the Township had \$38,983 in long-term debt for Governmental Activities. For additional information regarding debt, please see note 9 to the financial statements.

Table 4 summarizes bonds and long-term notes outstanding for Governmental Activities for the past two years:

| Table 4 Outstanding Debt at December 31 Governmental Activities | | |
|---|----------|----------|
| | 2008 | 2007 |
| SCBA Acquisition Note | \$25,104 | \$32,725 |
| Snow Plow Acquisition Note | 13,879 | 18,045 |
| Totals Long term bonds | \$38,983 | \$50,770 |

Harmony Township
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marcia Farquer, Clerk-Treasurer, Harmony Township, P.O. Box 212., South Vienna, Ohio 45369.

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2008

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$ 946,304 |
| Investments | <u>278,943</u> |
| <i>Total Assets</i> | <u><u>1,225,247</u></u> |
| Net Assets | |
| Restricted for: | |
| Other Purposes | 824,967 |
| Unrestricted | <u>400,280</u> |
| <i>Total Net Assets</i> | <u><u>\$ 1,225,247</u></u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

| | <u>Program Cash Receipts</u> | | | Net (Disbursements) Receipts and Changes in Net Assets |
|--------------------------------------|-------------------------------|---|--|--|
| | <u>Cash Disbursements</u> | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> | |
| Governmental Activities | | | | |
| General Governmental | \$ 119,108 | \$ - | \$ 1,384 | \$ (117,724) |
| Public Safety | 231,073 | 80,466 | - | (150,607) |
| Public Works | 162,557 | - | 133,565 | (28,992) |
| Health | 23,280 | 27,537 | 160 | 4,417 |
| Capital Outlay | 451,013 | - | - | (451,013) |
| Debt Service: | | | | |
| Principal Retirement | 11,787 | - | - | (11,787) |
| Interest and Fiscal Charges | 2,518 | - | - | (2,518) |
| <i>Total Governmental Activities</i> | <u>\$ 1,001,336</u> | <u>\$ 108,003</u> | <u>\$ 135,109</u> | <u>\$ (758,224)</u> |
| | | | | |
| | | | General Receipts | |
| | | | Property Taxes Levied for: | |
| | | | General Purposes | 440,724 |
| | | | Grants and Entitlements not Restricted to Specific Programs | 67,193 |
| | | | Interest | 30,144 |
| | | | Miscellaneous | 12,721 |
| | | | <i>Total General Receipts</i> | 550,782 |
| | | | Change in Net Assets | (207,442) |
| | | | <i>Net Assets Beginning of Year</i> | 1,432,689 |
| | | | <i>Net Assets End of Year</i> | <u>\$ 1,225,247</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2007

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,151,644 |
| Investments | <u>281,045</u> |
| <i>Total Assets</i> | <u><u>1,432,689</u></u> |
| Net Assets | |
| Restricted for: | |
| Other Purposes | 1,015,439 |
| Unrestricted | <u>417,250</u> |
| <i>Total Net Assets</i> | <u><u>\$ 1,432,689</u></u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Assets |
|--------------------------------------|-----------------------|--------------------------------------|--|--|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | |
| Governmental Activities | | | | |
| General Governmental | \$ 96,102 | \$ - | \$ 3,149 | \$ (92,953) |
| Public Safety | 123,524 | 74,682 | - | (48,842) |
| Public Works | 204,875 | - | 146,762 | (58,113) |
| Health | 34,910 | 26,552 | 306 | (8,052) |
| Capital Outlay | 13,378 | - | - | (13,378) |
| Debt Service: | | | | |
| Principal Retirement | 64,387 | - | - | (64,387) |
| Interest and Fiscal Charges | 5,283 | - | - | (5,283) |
| <i>Total Governmental Activities</i> | <u>\$ 542,459</u> | <u>\$ 101,234</u> | <u>\$ 150,217</u> | <u>\$ (291,008)</u> |

General Receipts

| | |
|--|---------------------|
| Property Taxes Levied for: | |
| General Purposes | 378,434 |
| Grants and Entitlements not Restricted to Specific Programs | 63,349 |
| Interest | 49,480 |
| Miscellaneous | 11,640 |
| <i>Total General Receipts</i> | 502,903 |
| Change in Net Assets | 211,895 |
| <i>Net Assets Beginning of Year</i> | 1,220,794 |
| <i>Net Assets End of Year</i> | <u>\$ 1,432,689</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2008

| | General | Gasoline Tax | Fire Levy | Ambulance Emergency Levy | Road District Special Levy | EMS Billing | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------|------------------|--------------------------------|-------------------------------|-------------------|--------------------------------|--------------------------------|
| Assets | | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 316,597 | \$ 81,158 | \$ 22,392 | \$ 165,600 | \$ 47,481 | \$ 218,690 | \$ 94,387 | \$ 946,305 |
| Investments | 83,683 | 19,526 | 27,894 | 11,158 | 25,105 | 41,841 | 69,735 | 278,942 |
| <i>Total Assets</i> | <u>400,280</u> | <u>100,684</u> | <u>50,286</u> | <u>176,758</u> | <u>72,586</u> | <u>260,531</u> | <u>164,122</u> | <u>1,225,247</u> |
| Fund Balances | | | | | | | | |
| Undesignated (Deficit), Reported In: | | | | | | | | |
| General Fund | 400,280 | - | - | - | - | - | - | 400,280 |
| Special Revenue Funds | | 100,684 | 50,286 | 176,758 | 72,586 | 260,531 | 164,122 | 824,967 |
| <i>Total Fund Balances</i> | <u>\$ 400,280</u> | <u>\$ 100,684</u> | <u>\$ 50,286</u> | <u>\$ 176,758</u> | <u>\$ 72,586</u> | <u>\$ 260,531</u> | <u>\$ 164,122</u> | <u>\$ 1,225,247</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2008

| | General | Gasoline Tax | Fire Levy | Ambulance Emergency Levy | Road District Special Levy | EMS Billing | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------|------------------|--------------------------------|-------------------------------|-------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | | | |
| Property and Other Local Taxes | \$ 30,056 | \$ - | \$ 111,407 | \$ 122,323 | \$ 99,565 | \$ - | \$ 77,373 | \$ 440,724 |
| Charges for Services | - | - | - | - | - | 78,069 | 2,397 | 80,466 |
| Licenses, Permits and Fees | 11,504 | - | - | - | - | - | 22,357 | 33,861 |
| Intergovernmental | 41,220 | 84,613 | - | - | - | - | 69,931 | 195,764 |
| Interest | 30,144 | 3,492 | - | - | - | - | 3,047 | 36,683 |
| Other | 963 | - | - | 254 | - | - | 5,180 | 6,397 |
| <i>Total Cash Receipts</i> | <u>113,887</u> | <u>88,105</u> | <u>111,407</u> | <u>122,577</u> | <u>99,565</u> | <u>78,069</u> | <u>180,285</u> | <u>793,895</u> |
| Disbursements | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 119,108 | - | - | - | - | - | - | 119,108 |
| Public Safety | - | - | 59,678 | 66,732 | - | 101,082 | 3,582 | 231,074 |
| Public Works | 1,512 | 42,231 | - | - | 52,936 | - | 65,878 | 162,557 |
| Health | 6,437 | - | - | - | - | - | 16,843 | 23,280 |
| Capital Outlay | 3,800 | 100,000 | 47,377 | - | 108,003 | - | 191,833 | 451,013 |
| Debt Service: | | | | | | | | |
| Principal Retirement | - | - | 7,621 | - | 4,166 | - | - | 11,787 |
| Interest and Fiscal Charges | - | - | 1,554 | - | 964 | - | - | 2,518 |
| <i>Total Cash Disbursements</i> | <u>130,857</u> | <u>142,231</u> | <u>116,230</u> | <u>66,732</u> | <u>166,069</u> | <u>101,082</u> | <u>278,136</u> | <u>1,001,337</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(16,970)</u> | <u>(54,126)</u> | <u>(4,823)</u> | <u>55,845</u> | <u>(66,504)</u> | <u>(23,013)</u> | <u>(97,851)</u> | <u>(207,442)</u> |
| <i>Net Change in Fund Balances</i> | <u>(16,970)</u> | <u>(54,126)</u> | <u>(4,823)</u> | <u>55,845</u> | <u>(66,504)</u> | <u>(23,013)</u> | <u>(97,851)</u> | <u>(207,442)</u> |
| <i>Fund Balances Beginning of Year</i> | <u>417,250</u> | <u>154,810</u> | <u>55,109</u> | <u>120,913</u> | <u>139,089</u> | <u>283,544</u> | <u>261,974</u> | <u>1,432,689</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 400,280</u> | <u>\$ 100,684</u> | <u>\$ 50,286</u> | <u>\$ 176,758</u> | <u>\$ 72,585</u> | <u>\$ 260,531</u> | <u>\$ 164,123</u> | <u>\$ 1,225,247</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|------------|---|
| | Original | Final | Actual | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 28,210 | \$ 30,056 | \$ 30,056 | \$ - |
| Licenses, Permits and Fees | 10,300 | 11,504 | 11,504 | - |
| Intergovernmental | 20,019 | 41,220 | 41,220 | - |
| Earnings on Investments | 39,992 | 30,144 | 30,144 | - |
| Miscellaneous | 500 | 963 | 963 | - |
| <i>Total Receipts</i> | 99,021 | 113,887 | 113,887 | - |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 354,211 | 354,211 | 119,108 | 235,103 |
| Public Safety | 3,000 | 3,000 | - | 3,000 |
| Public Works | 46,004 | 46,004 | 1,512 | 44,492 |
| Health | 25,000 | 25,000 | 6,437 | 18,563 |
| Capital Outlay | 5,000 | 5,000 | 3,800 | 1,200 |
| <i>Total Disbursements</i> | 433,215 | 433,215 | 130,857 | 302,358 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (334,193) | (319,328) | (16,970) | 302,358 |
| Other Financing Sources (Uses) | (83,057) | (83,057) | - | 83,057 |
| Net Change in Fund Balance | (417,250) | (402,385) | (16,970) | 385,415 |
| Fund Balance Beginning of Year | 417,250 | 417,250 | 417,250 | - |
| Fund Balance End of Year | \$ - | \$ 14,865 | \$ 400,280 | \$ 385,415 |

See accompanying notes to the financial statements

**HARMONY TOWNSHIP
CLARK COUNTY**

Statement of Cash Receipts, Disbursements and Changes in Fund Balance

Budget and Actual - Budget Basis

Gasoline Tax Fund

For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Intergovernmental | \$ 90,000 | \$ 84,613 | \$ 84,613 | \$ - |
| Earnings on Investments | 5,000 | 3,492 | 3,492 | - |
| <i>Total Receipts</i> | <u>95,000</u> | <u>88,105</u> | <u>88,105</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 249,810 | 142,915 | 42,231 | 100,684 |
| Capital Outlay | - | 100,000 | 100,000 | - |
| <i>Total Disbursements</i> | <u>249,810</u> | <u>242,915</u> | <u>142,231</u> | <u>100,684</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (154,810) | (154,810) | (54,126) | 100,684 |
| Net Change in Fund Balance | <u>(154,810)</u> | <u>(154,810)</u> | <u>(54,126)</u> | <u>100,684</u> |
| Fund Balance Beginning of Year | <u>154,810</u> | <u>154,810</u> | <u>154,810</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 100,684</u> | <u>\$ 100,684</u> |

See accompanying notes to the financial statements

**HARMONY TOWNSHIP
CLARK COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------|------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 111,494 | \$ 111,407 | \$ 111,407 | \$ - |
| Miscellaneous | 1,309 | - | - | - |
| <i>Total Receipts</i> | <u>112,803</u> | <u>111,407</u> | <u>111,407</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 109,624 | 108,228 | 59,678 | 48,550 |
| Capital Outlay | 49,500 | 49,500 | 47,377 | 2,123 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 7,621 | (7,621) |
| Interest and Fiscal Charges | 9,176 | 9,176 | 1,554 | 7,622 |
| <i>Total Disbursements</i> | <u>168,300</u> | <u>166,904</u> | <u>116,230</u> | <u>50,674</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (55,497) | (55,497) | (4,823) | 50,674 |
| Net Change in Fund Balance | <u>(55,497)</u> | <u>(55,497)</u> | <u>(4,823)</u> | <u>50,674</u> |
| Fund Balance Beginning of Year | <u>55,497</u> | <u>55,497</u> | <u>55,109</u> | <u>(388)</u> |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50,286</u> | <u>\$ 50,286</u> |

See accompanying notes to the financial statements

**HARMONY TOWNSHIP
CLARK COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
Ambulance Emergency Levy Fund
For the Year Ended December 31, 2008*

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 123,430 | \$ 122,323 | \$ 122,323 | \$ - |
| Miscellaneous | 1,413 | 254 | 254 | - |
| <i>Total Receipts</i> | <u>124,843</u> | <u>122,577</u> | <u>122,577</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 245,732 | 243,490 | 66,732 | 176,758 |
| <i>Total Disbursements</i> | <u>245,732</u> | <u>243,490</u> | <u>66,732</u> | <u>176,758</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (120,889) | (120,913) | 55,845 | 176,758 |
| Net Change in Fund Balance | <u>(120,889)</u> | <u>(120,913)</u> | <u>55,845</u> | <u>176,758</u> |
| Fund Balance Beginning of Year | <u>120,913</u> | <u>120,913</u> | <u>120,913</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 176,758</u> | <u>\$ 176,758</u> |

See accompanying notes to the financial statements

**HARMONY TOWNSHIP
CLARK COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
Road District Special Levy Fund
For the Year Ended December 31, 2008*

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 100,982 | \$ 99,565 | \$ 99,565 | \$ - |
| Intergovernmental | - | - | - | - |
| <i>Total Receipts</i> | <u>100,982</u> | <u>99,565</u> | <u>99,565</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 229,941 | 111,164 | 52,936 | 58,228 |
| Capital Outlay | 6,133 | 122,360 | 108,003 | 14,357 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 4,166 | (4,166) |
| Interest and Fiscal Charges | 3,997 | 5,130 | 964 | 4,166 |
| <i>Total Disbursements</i> | <u>240,071</u> | <u>238,654</u> | <u>166,069</u> | <u>72,585</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (139,089) | (139,089) | (66,504) | 72,585 |
| Net Change in Fund Balance | <u>(139,089)</u> | <u>(139,089)</u> | <u>(66,504)</u> | <u>72,585</u> |
| Fund Balance Beginning of Year | <u>139,090</u> | <u>139,090</u> | <u>139,090</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 72,585</u> | <u>\$ 72,585</u> |

See accompanying notes to the financial statements

**HARMONY TOWNSHIP
CLARK COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
EMS Billing Fund
For the Year Ended December 31, 2008*

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Charges for Services | \$ 73,500 | \$ 78,069 | \$ 78,069 | \$ - |
| <i>Total Receipts</i> | <u>73,500</u> | <u>78,069</u> | <u>78,069</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 307,044 | 307,044 | 101,082 | 205,962 |
| Capital Outlay | 50,000 | 50,000 | - | 50,000 |
| <i>Total Disbursements</i> | <u>357,044</u> | <u>357,044</u> | <u>101,082</u> | <u>255,962</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (283,544) | (278,975) | (23,013) | 255,962 |
| Net Change in Fund Balance | <u>(283,544)</u> | <u>(278,975)</u> | <u>(23,013)</u> | <u>255,962</u> |
| Fund Balance Beginning of Year | <u>283,544</u> | <u>283,544</u> | <u>283,544</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ 4,569</u> | <u>\$ 260,531</u> | <u>\$ 255,962</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2007

| | General | Gasoline Tax | Road and Bridge | Fire Levy | Road District Special Levy | EMS Billing | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------|-----------------------|------------------|-------------------------------|-------------------|--------------------------------|--------------------------------|
| Assets | | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 332,937 | \$ 135,137 | \$ 59,857 | \$ 27,005 | \$ 113,796 | \$ 241,388 | \$ 241,524 | \$ 1,151,644 |
| Investments | 84,313 | 19,673 | 11,242 | 28,104 | 25,294 | 42,157 | 70,261 | 281,044 |
| <i>Total Assets</i> | <u>417,250</u> | <u>154,810</u> | <u>71,099</u> | <u>55,109</u> | <u>139,090</u> | <u>283,545</u> | <u>311,785</u> | <u>1,432,689</u> |
| Fund Balances | | | | | | | | |
| Undesignated (Deficit), Reported In: | | | | | | | | |
| General Fund | 417,250 | - | - | - | - | - | - | 417,250 |
| Special Revenue Funds | | 154,810 | 71,099 | 55,109 | 139,090 | 283,545 | 311,786 | 1,015,439 |
| <i>Total Fund Balances</i> | <u>\$ 417,250</u> | <u>\$ 154,810</u> | <u>\$ 71,099</u> | <u>\$ 55,109</u> | <u>\$ 139,090</u> | <u>\$ 283,545</u> | <u>\$ 311,786</u> | <u>\$ 1,432,689</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2007

| | General | Gasoline Tax | Road and Bridge | Fire Levy | Road District Special Levy | EMS Billing | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------|-----------------------|------------------|-------------------------------|-------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | | | |
| Property and Other Local Taxes | \$ 26,448 | \$ - | \$ 71,666 | \$ 115,457 | \$ 102,434 | \$ - | \$ 62,431 | \$ 378,436 |
| Charges for Services | - | - | - | - | - | 70,877 | 3,805 | 74,682 |
| Licenses, Permits and Fees | 10,320 | - | - | - | - | - | 16,412 | 26,732 |
| Intergovernmental | 55,849 | 93,639 | - | - | - | - | 51,266 | 200,754 |
| Interest | 49,480 | 5,984 | - | - | - | - | 6,828 | 62,292 |
| Other | 479 | - | - | - | - | - | 10,531 | 11,010 |
| <i>Total Cash Receipts</i> | <u>142,576</u> | <u>99,623</u> | <u>71,666</u> | <u>115,457</u> | <u>102,434</u> | <u>70,877</u> | <u>151,273</u> | <u>753,906</u> |
| Disbursements | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 96,102 | - | - | - | - | - | - | 96,102 |
| Public Safety | - | - | - | 51,272 | - | 16,621 | 55,631 | 123,524 |
| Public Works | 3,651 | 56,776 | 58,316 | - | 57,099 | - | 29,034 | 204,875 |
| Health | 15,368 | - | - | - | - | - | 19,542 | 34,910 |
| Capital Outlay | - | - | - | - | 5,600 | 175 | 7,603 | 13,378 |
| Debt Service | - | - | - | - | - | - | - | - |
| Principal Retirement | - | - | - | 60,432 | 3,955 | - | - | 64,387 |
| Interest and Fiscal Charges | - | - | - | 4,108 | 1,175 | - | - | 5,283 |
| <i>Total Cash Disbursements</i> | <u>115,121</u> | <u>56,776</u> | <u>58,316</u> | <u>115,812</u> | <u>67,829</u> | <u>16,796</u> | <u>111,810</u> | <u>542,460</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>27,455</u> | <u>42,847</u> | <u>13,350</u> | <u>(355)</u> | <u>34,605</u> | <u>54,081</u> | <u>39,463</u> | <u>211,446</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Other Financing Sources | - | - | - | - | 450 | - | - | 450 |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>450</u> | <u>-</u> | <u>-</u> | <u>450</u> |
| <i>Net Change in Fund Balances</i> | <u>27,455</u> | <u>42,847</u> | <u>13,350</u> | <u>(355)</u> | <u>35,055</u> | <u>54,081</u> | <u>39,463</u> | <u>211,896</u> |
| <i>Fund Balances Beginning of Year</i> | <u>389,795</u> | <u>111,963</u> | <u>57,749</u> | <u>55,464</u> | <u>104,034</u> | <u>229,463</u> | <u>272,325</u> | <u>1,220,793</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 417,250</u> | <u>\$ 154,810</u> | <u>\$ 71,099</u> | <u>\$ 55,109</u> | <u>\$ 139,089</u> | <u>\$ 283,544</u> | <u>\$ 311,788</u> | <u>\$ 1,432,689</u> |

See accompanying notes to the financial statements

**HARMONY TOWNSHIP
CLARK COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007*

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget |
|--|-------------------------|------------------|-------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 21,999 | \$ 26,448 | \$ 26,448 | \$ - |
| Licenses, Permits and Fees | 10,320 | 10,320 | 10,320 | - |
| Intergovernmental | 60,405 | 55,849 | 55,849 | - |
| Earnings on Investments | 22,998 | 49,480 | 49,480 | - |
| Miscellaneous | 1,000 | 479 | 479 | - |
| <i>Total Receipts</i> | <u>116,722</u> | <u>142,576</u> | <u>142,576</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 357,186 | 357,186 | 96,102 | 261,084 |
| Public Safety | 3,000 | 3,000 | - | 3,000 |
| Public Works | 5,200 | 5,268 | 3,651 | 1,617 |
| Health | 25,000 | 25,000 | 15,368 | 9,632 |
| Capital Outlay | 5,000 | 4,932 | - | 4,932 |
| <i>Total Disbursements</i> | <u>395,386</u> | <u>395,386</u> | <u>115,121</u> | <u>280,265</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(278,664)</u> | <u>(252,810)</u> | <u>27,455</u> | <u>280,265</u> |
| Other Financing Sources (Uses) | <u>(75,000)</u> | <u>(75,000)</u> | <u>-</u> | <u>75,000</u> |
| Net Change in Fund Balance | <u>(353,664)</u> | <u>(327,810)</u> | <u>27,455</u> | <u>355,265</u> |
| Fund Balance Beginning of Year | <u>389,795</u> | <u>389,795</u> | <u>389,795</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ 36,131</u> | <u>\$ 61,985</u> | <u>\$ 417,250</u> | <u>\$ 355,265</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP
CLARK COUNTY
Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Intergovernmental | \$ 74,470 | \$ 93,639 | \$ 93,639 | \$ - |
| Earnings on Investments | 3,500 | 5,984 | 5,984 | - |
| <i>Total Receipts</i> | <u>77,970</u> | <u>99,623</u> | <u>99,623</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 189,933 | 189,933 | 56,776 | 133,157 |
| <i>Total Disbursements</i> | <u>189,933</u> | <u>189,933</u> | <u>56,776</u> | <u>133,157</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (111,963) | (90,310) | 42,847 | 133,157 |
| Net Change in Fund Balance | <u>(111,963)</u> | <u>(90,310)</u> | <u>42,847</u> | <u>133,157</u> |
| Fund Balance Beginning of Year | 111,963 | 111,963 | 111,963 | - |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ 21,653</u> | <u>\$ 154,810</u> | <u>\$ 133,157</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP

CLARK COUNTY

Statement of Cash Receipts, Disbursements and Changes in Fund Balance

Budget and Actual - Budget Basis

Road and Bridge Fund

For the Year Ended December 31, 2007

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------|------------------|---|
| | Original | Final | Actual | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 63,838 | \$ 71,666 | \$ 71,666 | \$ - |
| Intergovernmental | 6,858 | - | - | - |
| <i>Total Receipts</i> | <u>70,696</u> | <u>71,666</u> | <u>71,666</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 128,445 | 128,445 | 58,316 | 70,129 |
| <i>Total Disbursements</i> | <u>128,445</u> | <u>128,445</u> | <u>58,316</u> | <u>70,129</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (57,749) | (56,779) | 13,350 | 70,129 |
| Net Change in Fund Balance | <u>(57,749)</u> | <u>(56,779)</u> | <u>13,350</u> | <u>70,129</u> |
| Fund Balance Beginning of Year | <u>57,749</u> | <u>57,749</u> | <u>57,749</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ 970</u> | <u>\$ 71,099</u> | <u>\$ 70,129</u> |

See accompanying notes to the financial statements

**HARMONY TOWNSHIP
CLARK COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2007*

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--|-------------------------|-----------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 100,257 | \$ 115,457 | \$ 115,457 | \$ - |
| Licenses, Permits and Fees | - | - | - | - |
| Intergovernmental | 10,997 | - | - | - |
| Earnings on Investments | - | - | - | - |
| Miscellaneous | 1,446 | - | - | - |
| <i>Total Receipts</i> | <u>112,700</u> | <u>115,457</u> | <u>115,457</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 103,565 | 103,565 | 51,272 | 52,293 |
| Debt Service: | | | | |
| Principal Retirement | 55,423 | 53,637 | 60,432 | (6,795) |
| Interest and Fiscal Charges | 9,176 | 10,962 | 4,108 | 6,854 |
| <i>Total Disbursements</i> | <u>168,164</u> | <u>168,164</u> | <u>115,812</u> | <u>52,352</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (55,464) | (52,707) | (355) | 52,352 |
| Net Change in Fund Balance | <u>(55,464)</u> | <u>(52,707)</u> | <u>(355)</u> | <u>52,352</u> |
| Fund Balance Beginning of Year | 55,464 | 55,464 | 55,464 | - |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ 2,757</u> | <u>\$ 55,109</u> | <u>\$ 52,352</u> |

See accompanying notes to the financial statements

HARMONY TOWNSHIP

CLARK COUNTY

Statement of Cash Receipts, Disbursements and Changes in Fund Balance

Budget and Actual - Budget Basis

Road District Special Levy Fund

For the Year Ended December 31, 2007

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | Actual | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 62,664 | \$ 102,434 | \$ 102,434 | \$ - |
| Intergovernmental | 6,908 | - | - | - |
| <i>Total Receipts</i> | <u>69,572</u> | <u>102,434</u> | <u>102,434</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 134,431 | 134,431 | 57,099 | 77,332 |
| Capital Outlay | 35,000 | 35,000 | 5,600 | 29,400 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 3,955 | (3,955) |
| Interest and Fiscal Charges | 5,130 | 5,130 | 1,175 | 3,955 |
| <i>Total Disbursements</i> | <u>174,561</u> | <u>174,561</u> | <u>67,829</u> | <u>106,732</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(104,989)</u> | <u>(72,127)</u> | <u>34,605</u> | <u>106,732</u> |
| Other Financing Sources (Uses) | 954 | 450 | 450 | - |
| Net Change in Fund Balance | <u>(104,035)</u> | <u>(71,677)</u> | <u>35,055</u> | <u>106,732</u> |
| Fund Balance Beginning of Year | 104,034 | 104,034 | 104,034 | - |
| Fund Balance End of Year | <u>\$ (1)</u> | <u>\$ 32,357</u> | <u>\$ 139,089</u> | <u>\$ 106,732</u> |

See accompanying notes to the financial statements

**HARMONY TOWNSHIP
CLARK COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
EMS Billing Fund
For the Year Ended December 31, 2007*

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Charges for Services | \$ 72,250 | \$ 70,877 | \$ 70,877 | \$ - |
| <i>Total Receipts</i> | <u>72,250</u> | <u>70,877</u> | <u>70,877</u> | <u>-</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 269,463 | 269,463 | 16,621 | 252,842 |
| Capital Outlay | 30,000 | 30,000 | 175 | 29,825 |
| <i>Total Disbursements</i> | <u>299,463</u> | <u>299,463</u> | <u>16,796</u> | <u>282,667</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (227,213) | (228,586) | 54,081 | 282,667 |
| Net Change in Fund Balance | <u>(227,213)</u> | <u>(228,586)</u> | <u>54,081</u> | <u>282,667</u> |
| Fund Balance Beginning of Year | <u>229,463</u> | <u>229,463</u> | <u>229,463</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ 2,250</u> | <u>\$ 877</u> | <u>\$ 283,544</u> | <u>\$ 282,667</u> |

See accompanying notes to the financial statements

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 1 – Reporting Entity

The Harmony Township, Clark County, Ohio (the Township), is a body politic and corporate established in 1818 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected a Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance, and Fire and Emergency Medical Services. Police protection is provided by the Clark County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Harmony Township has no component units based on these criteria.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility

The Township participates in the Ohio Township Association Risk Management Authority (OTARAMA), a public entity risk pool. Note 7 to the financial statements provide additional information for that entity.

The OTARAMA is a risk-sharing pool available to Ohio local governments, and provides property and casualty coverage for its members. OTARAMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARAMA. OTARAMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Additional information will be discussed in Note 6.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Harmony Township has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Township has no enterprise or fiduciary funds.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are only governmental funds.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds as of December 31, 2008, are the General Fund, the Gas Tax Fund, the Fire Levy Fund, the Ambulance Emergency Levy Fund, the Road District Special Levy Fund and the EMS Service Fund. In 2007, in addition to the funds listed above, the Road and Bridge Fund was considered a major fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Fire Levy Fund is used to provide fire protection, provide and maintain fire apparatus, buildings, radio equipment and payment of permanent part-time or volunteer firemen and dispatchers.

The Road Levy Fund is used to provide road resurfacing, and to repair roads.

The EMS Service Fund is a billing service for EMS service provided by the Township to individuals and other governments. The Fund is used to provide and maintain emergency vehicles and apparatus, maintain radio equipment and payment of permanent, part-time, and volunteer EMS personnel and dispatchers.

The Gasoline Tax Fund is used to account for gasoline tax received from the State and the County, and serves primarily to fund the Township's road and bridges projects.

The Road and Bridge Fund is used to provide road and bridge maintenance and repair.

The Ambulance Emergency Levy Fund is used provide emergency medical services.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. Other governmental fund column on the financial statements does not include the other major funds described here.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities, and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents", and "Investments".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008 and 2007, the Township invested in Star Ohio.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. All Interest receipts are credited to the General Fund, except those specifically related to those funds deemed appropriate according to the Township's policy and purpose of the funds.

For Fiscal Year 2008 and 2007, interest receipts amounted to \$36,683 and \$62,292 respectively, of which, \$30,144 and \$49,480 respectively, were credited to the General Fund.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Road Repair, Fire equipment and operations, and EMS equipment and operations and other governmental funds which include state grants reported in special revenue funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide net assets reports \$824,967 and \$1,015,439 of restricted net assets, for Fiscal Year end 2008 and 2007 respectively; none of which is restricted by enabling legislation.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. No Fund balance reserves have been established for encumbrances.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

O. Interfund Transactions

Transfers from one fund to another or within the same function are eliminated on the Statement of Activities.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Fire Levy Fund, the Road District Special Levy Fund, the EMS Billing Fund, the Ambulance Emergency Levy Fund (2008), the Gasoline Tax Fund, and the Road and Bridge Fund (2007) are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances, and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis, and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The Township had no outstanding encumbrances at December 31, 2008 or at December 31, 2007.

Note 4 – Deposits and Investments

State statutes classify monies held by the Township into three categories.

Active monies are public monies necessary to meet current demands on the treasury. Active monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

NOTE 4 – Deposits and Investments (continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

The Township may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the Township.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party.

As of December 31, 2008 and December 31, 2007, the carrying amounts of the Township's deposits were \$946,304 and \$1,151,644. The Township's bank balances were \$1,236,806 and \$1,443,621, respectively, of which, \$986,806 and \$1,193,621 were exposed to custodial risk because they were uninsured and collateralized with securities held by the pledging financial institution, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

NOTE 4 – Deposits and Investments (continued)

B. Investments

As of December 31, 2008 and December 31, 2007, the Township had the following investments. All investments are in an internal investment pool.

| | <u>Investment</u> 2008 | <u>Maturity</u> Less than 1 year | <u>Investment</u> 2007 | <u>Maturity</u> Less than 1 year |
|---------------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------------|
| StarOhio - Champaign Bank | \$ 278,943 | \$ 278,943 | \$ 281,045 | \$ 281,045 |
| Totals | <u>\$ 278,943</u> | <u>\$ 278,943</u> | <u>\$ 281,045</u> | <u>\$ 281,045</u> |

Interest Rate Risk – State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and that an investment must be purchased with the expectation that it will be held to maturity. The Township has no investment policy, other the one prescribed by the Ohio statute.

Credit Risk – STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Certificate of Deposit is guaranteed by the Federal Depository Insurance Corporation (FDIC). The Township's investments are limited to those investments authorized by State statute.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township has no investment policy dealing with custodial credit risk beyond the requirements of the State which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – It is the policy of the Township to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or class of securities. The Township places no limit on the amount it may invest in any one issuer. The Township's investments in the STAROhio fund represent 100% of the Township's investments for 2008 and 2007.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 5 – Property Taxes (continued)

If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$6.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

| | |
|-------------------------------|---------------------|
| Real Property | |
| Residential/Agricultural | \$51,365,270 |
| Commercial/Industrial/Mineral | 3,564,160 |
| Public Utility Property | 59,880 |
| Real | 2,563,950 |
| Personal | 271,102 |
| Tangible Personal Property | 233,130 |
| Total Assessed Value | <u>\$58,057,492</u> |

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 6 – Risk Management (continued)

Casualty Coverage – For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Townships can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage – Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position – OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006: (Latest information available)

| | 2007 | 2006 |
|-------------------|--------------|--------------|
| Assets | \$43,210,706 | \$42,042,275 |
| Liabilities | (13,357,837) | (12,120,661) |
| Retained Earnings | \$29,852,866 | \$29,921,614 |

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2008 was 14 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 24 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$24,086, \$13,303, and \$13,442 respectively. The full amount has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were \$24,086 made by the Township and \$17,204 made by the plan members.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 8 - Postemployment Benefits (continued)

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 4.00 percent annually for the next seven years and 4.00 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 363,503. Actual employer contributions for 2008 which were used to fund postemployment benefits were \$4,416. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

Note 9 - Debt

The Township's long-term debt activity for the year ended December 31, 2008 and December 31, 2007 were as follows:

| | Interest Rate | 2008 | | | Balance December 31, 2008 | Due Within One Year |
|-----------------------------|---------------|-------------------------|------------|-----------------|---------------------------|---------------------|
| | | Balance January 1, 2008 | Additions | Reductions | | |
| SCBA Acquisition Note | 4.75% | \$32,725 | \$0 | \$7,621 | \$25,104 | \$7,983 |
| Snow Plow Acquisition Note | 5.34% | 18,045 | 0 | 4,166 | 13,879 | \$4,388 |
| Total Long-term Debt | | \$50,770 | \$0 | \$11,787 | \$38,983 | \$12,371 |

Harmony Township
Notes to the Financial Statements
For the Years Ended December 31, 2008 and December 31, 2007

Note 9 – Debt (continued)

| | Interest Rate | 2007 | | Balance December 31, 2007 | Due Within One Year |
|-----------------------------|---------------|-------------------------|------------|---------------------------|---------------------|
| | | Balance January 1, 2007 | Additions | | |
| Fire Truck Acquisition Bond | 4.15% | \$53,157 | \$0 | \$53,157 | \$0 |
| SCBA Acquisition Note | 4.75% | 40,000 | 0 | 7,275 | \$7,621 |
| Snow Plow Acquisition Note | 5.34% | 22,000 | 0 | 3,955 | \$4,166 |
| Total Long-term Debt | | \$115,157 | \$0 | \$64,387 | \$11,787 |

The Fire Truck Acquisition bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The bond is being paid from the Fire Fund.

In 2006, the Township issued a note to acquire a number of Self-Contained Breathing Apparatus (SCBA) for the Fire Department. This note is payable in five years and will be retired from the Fire Fund.

Also, in 2006, the Township issued a note to acquire a Snow Plow for the Township's roads. The note will be paid in five years from the Road District Levy Fund.

The following is a summary of the Township's future annual debt service requirements:

| Year | Total Long-term Debt | |
|---------------|----------------------|----------------|
| | Principal | Interest |
| 2009 | 12,371 | 1,933 |
| 2010 | 12,984 | 1,320 |
| 2011 | 13,628 | 676 |
| Totals | \$38,983 | \$3,929 |

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$6,053,124 and an unvoted debt margin of \$3,193,162.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

**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***

Harmony Township
Clark County
P.O. Box 212
South Vienna, Ohio 45369

To the Township Board of Trustees:

We have audited the financial statements of governmental activities, each major fund and the aggregate remaining fund information of Harmony Township, Clark County, (the Township) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's financial statements, and have issued our report thereon dated April 3, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township'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 Township's internal control.

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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Harmony Township
Clark County

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*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Caudill & Associates, CPAs

Caudill & Associates, CPA's

April 3, 2009



Mary Taylor, CPA
Auditor of State

HARMONY TOWNSHIP

CLARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 10, 2009**