

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

EXAMINATION REPORT

OF

TOWN OF ARCADIA

HAMILTON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
10/16/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Bette J. Shields	01-01-04 to 12-31-11
President of the Town Council	William C. Cook, Jr.	01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ARCADIA, HAMILTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Arcadia (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

September 15, 2008

TOWN OF ARCADIA
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments		Cash and Investments	
	01-01-06	Receipts	Disbursements	12-31-06
Governmental Funds:				
General	\$ 154,156	\$ 343,377	\$ 361,173	\$ 136,360
Motor Vehicle Highway	100,252	195,703	162,398	133,557
Local Road and Street	57,740	24,622	20,038	62,324
Law Enforcement Continuing Education	450	1,108	280	1,278
Police Forfeiture	2,592	-	1,224	1,368
Cinergy Grant	-	3,000	3,000	-
Legacy Fund Community Endowment	5,000	-	5,000	-
Donation	-	20,000	-	20,000
Hamilton County CDBG	-	11,496	11,496	-
Cumulative Capital Improvement	-	6,241	6,241	-
Cumulative Capital Development	56,895	10,132	36,781	30,246
Cumulative Storm Sewer	346,872	67,451	15,285	399,038
Levy Excess	478	22,536	23,014	-
Proprietary Funds:				
Water Utility - Operating	202,818	190,395	235,235	157,978
Water Utility - Bond and Interest	29,850	29,050	29,850	29,050
Water Utility - Depreciation	95,328	15,244	-	110,572
Water Utility - Customer Deposit	12,750	3,588	2,631	13,707
Water Utility - Reserve	34,000	-	-	34,000
Wastewater Utility - Operating	208,589	347,008	334,120	221,477
Wastewater Utility - Bond and Interest	25,600	128,000	124,771	28,829
Wastewater Utility - Replacement	267,904	21,000	-	288,904
Wastewater Utility - Customer Deposit	4,112	1,860	1,732	4,240
Wastewater Utility - Improvement	149,957	12,000	19,274	142,683
Wastewater Utility - Reserve	128,680	-	-	128,680
Fiduciary Fund:				
Payroll	2,835	479,522	479,790	2,567
Totals	\$ 1,886,858	\$ 1,933,333	\$ 1,873,333	\$ 1,946,858

	Cash and Investments		Cash and Investments	
	01-01-07	Receipts	Disbursements	12-31-07
Governmental Funds:				
General	\$ 136,360	\$ 386,936	\$ 381,783	\$ 141,513
Motor Vehicle Highway	133,557	147,212	181,727	99,042
Local Road and Street	62,324	24,080	-	86,404
Law Enforcement Continuing Education	1,278	1,408	-	2,686
Police Forfeiture	1,368	-	549	819
Donation	20,000	-	-	20,000
Hamilton County CDBG	-	12,214	12,214	-
Cumulative Capital Improvement	-	6,136	6,136	-
Cumulative Capital Development	30,246	8,751	23,800	15,197
Cumulative Storm Sewer	399,038	58,620	14,799	442,859
Proprietary Funds:				
Water Utility - Operating	157,978	196,854	198,835	155,997
Water Utility - Bond and Interest	29,050	29,250	29,050	29,250
Water Utility - Depreciation	110,572	15,530	-	126,102
Water Utility - Customer Deposit	13,707	3,010	2,657	14,060
Water Utility - Reserve	34,000	-	-	34,000
Wastewater Utility - Operating	221,477	353,533	361,024	213,986
Wastewater Utility - Bond and Interest	28,829	128,000	126,623	30,206
Wastewater Utility - Replacement	288,904	21,000	-	309,904
Wastewater Utility - Customer Deposit	4,240	1,642	1,618	4,264
Wastewater Utility - Improvement	142,683	12,000	-	154,683
Wastewater Utility - Reserve	128,680	-	-	128,680
Fiduciary Fund:				
Payroll	2,567	502,894	499,819	5,642
Totals	\$ 1,946,858	\$ 1,909,070	\$ 1,840,634	\$ 2,015,294

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

TOWN OF ARCADIA
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance).

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF ARCADIA
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Events

A. Grant Award

On August 26, 2008, the Town received notification that they were approved to receive the Community Development Block Grant-Comprehensive Plan in the amount of \$49,140.

B. Wastewater Utility Construction

On June 25, 2008, the Town entered into a contract with Hinkle Construction, LLC in the amount of \$65,250 to construct a wastewater shelter to protect the wastewater drying beds.

TOWN OF ARCADIA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

December 31, 2007

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 17,101
Infrastructure	2,808,908
Buildings	45,841
Machinery and equipment	312,064
Construction in progress	<u>143,414</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u><u>3,327,328</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 24,600
Buildings	644,722
Improvements other than buildings	405,935
Machinery and equipment	<u>77,335</u>
 Total Water Utility capital assets	 <u>1,152,592</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	14,000
Buildings	2,294,390
Improvements other than buildings	2,329,547
Machinery and equipment	<u>399,388</u>
 Total Wastewater Utility capital assets	 <u>5,037,325</u>
 Total business-type activities capital assets	 \$ <u><u>6,189,917</u></u>

TOWN OF ARCADIA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Plant	\$ 245,000	\$ 29,250
Wastewater Utility		
Loans:		
SRF - Plant and Expansion	816,243	48,569
Revenue bonds:		
1998A bonds for Plant and Expansion	330,000	74,685
Total Wastewater Utility	1,146,243	123,254
Total business-type activities debt:	\$ 1,391,243	\$ 152,504

TOWN OF ARCADIA
EXAMINATION RESULT AND COMMENT

POLICE DEPARTMENT RECEIPTS

Our test of the Police Department receipts concluded that approximately 20% of the Department's collections were not remitted to the Clerk-Treasurer within a week. A similar comment appeared in the prior Report B26770.

Receipts and fees collected by a police department should be remitted to the Clerk-Treasurer or Controller at least once a week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

TOWN OF ARCADIA
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2008, with Bette J. Shields, Clerk-Treasurer; William C. Cook, Jr., President of the Town Council; and Mitchell L. Russell, Town Marshal. The officials concurred with our finding.