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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, 2008 to December 31, 2009



FILED
07/08/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Bette J. Sheilds	01-01-08 to 12-31-11
President of the Town Council	William C. Cook, Jr.	01-01-08 to 12-31-10



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, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

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

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 7, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 141,513	\$ 385,960	\$ 414,317	\$ 113,156
Motor Vehicle Highway	99,042	149,788	171,429	77,401
Local Road and Street	86,404	24,023	-	110,427
Law Enforcement Continuing Education	2,686	1,550	980	3,256
Police Forfeiture	819	-	-	819
Rainy Day	-	4,538	-	4,538
Donation	20,000	5,500	24,495	1,005
Legacy Grant Fund	-	20,000	20,000	-
Cumulative Capital Improvement	-	5,681	5,681	-
Cumulative Capital Development	15,197	14,042	-	29,239
Cumulative Storm Sewer	442,859	68,099	71,492	439,466
Proprietary Funds:				
Water Utility - Operating	155,997	176,159	205,509	126,647
Water Utility - Bond and Interest	29,250	29,400	29,250	29,400
Water Utility - Depreciation	126,102	15,067	34,540	106,629
Water Utility - Customer Deposit	14,060	2,484	3,055	13,489
Water Utility - Reserve	34,000	-	-	34,000
Water Utility - Improvement	-	-	-	-
Wastewater Utility - Operating	213,986	325,491	411,638	127,839
Wastewater Utility - Bond and Interest	30,206	128,000	123,254	34,952
Wastewater Utility - Replacement	309,904	21,000	-	330,904
Wastewater Utility - Customer Deposit	4,264	1,560	1,663	4,161
Wastewater Utility - Reserve	128,680	-	-	128,680
Wastewater Utility - Improvement	154,683	12,000	65,250	101,433
Fiduciary Fund:				
Payroll	5,642	539,681	538,600	6,723
Totals	\$ 2,015,294	\$ 1,930,023	\$ 2,121,153	\$ 1,824,164
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 113,156	\$ 354,449	\$ 408,588	\$ 59,017
Motor Vehicle Highway	77,401	169,229	196,492	50,138
Local Road and Street	110,427	23,660	-	134,087
Hamilton County CV Bureau	-	20,000	17,000	3,000
Law Enforcement Continuing Education	3,256	1,599	1,522	3,333
Police Forfeiture	819	-	-	819
Rainy Day	4,538	24,538	-	29,076
Donation	1,005	350	-	1,355
Hamilton County CDBG Grant	-	49,140	49,140	-
Cumulative Capital Improvement	-	5,357	5,357	-
Cumulative Capital Development	29,239	7,514	23,298	13,455
Cumulative Building and Fire Fighting Equipment	439,466	49,975	59,287	430,154
Proprietary Funds:				
Water Utility - Operating	126,647	170,723	200,189	97,181
Water Utility - Bond and Interest	29,400	29,500	29,400	29,500
Water Utility - Depreciation	106,629	14,945	-	121,574
Water Utility - Customer Deposit	13,489	3,310	2,381	14,418
Water Utility - Construction	34,000	-	-	34,000
Water Utility - Improvement	-	-	-	-
Wastewater Utility - Operating	127,839	315,037	333,058	109,818
Wastewater Utility - Bond and Interest	34,952	128,000	124,884	38,068
Wastewater Utility - Depreciation	330,904	21,000	41,110	310,794
Wastewater Utility - Customer Deposit	4,161	2,087	1,858	4,390
Wastewater Utility - Construction	128,680	-	-	128,680
Wastewater Utility - Improvement	101,433	12,000	-	113,433
Fiduciary Funds:				
Levy Excess	-	959	-	959
Payroll	6,723	512,835	514,203	5,355
Totals	\$ 1,824,164	\$ 1,916,207	\$ 2,007,767	\$ 1,732,604

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). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

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 Event

The Town Council passed ordinances in 2010 to increase the utility rates over a four year period for both the Water and Wastewater Utilities.

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

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Plant	\$ 210,000	\$ 29,500
Total Water Utility	<u>210,000</u>	<u>29,500</u>
Wastewater Utility:		
Loans:		
SRF-Plant and Expansion	776,243	42,169
Revenue bonds:		
1998A Bonds for Plant and Expansion	<u>205,000</u>	<u>74,122</u>
Total Wastewater Utility	<u>981,243</u>	<u>116,291</u>
Total business-type activities debt:	<u>\$ 1,191,243</u>	<u>\$ 145,791</u>

TOWN OF ARCADIA
EXIT CONFERENCE

The contents of this report were discussed on June 7, 2010, with Bette J. Shields, Clerk-Treasurer; and William C. Cook Jr., President of the Town Council. Our examination disclosed no material items that warrant comment at this time.