

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

EXAMINATION REPORT  
OF  
TOWN OF NEW PEKIN  
WASHINGTON COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
01/19/2010



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4-5
Notes to Financial Information .....	6-7
Supplementary Information:	
Schedule of Capital Assets.....	8
Schedule of Long-Term Debt .....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sherry L. Clem	01-01-07 to 12-31-10
President of the Town Council	Frank Anderson Gerald Fleming Michael Bowling	01-01-07 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09
Superintendent of Utilities	Timothy A. Smith	01-01-07 to 12-31-09
Town Manager	Gary Nale	01-01-07 to 12-31-09



**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 NEW PEKIN, WASHINGTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of New Pekin (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, 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

November 23, 2009

TOWN OF NEW PEKIN  
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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 295,442	\$ 64,970	\$ 169,197	\$ 191,215
Motor Vehicle Highway	81,148	47,945	38,878	90,215
Local Road and Street	20,008	6,054	6,171	19,891
Park and Recreation	12,115	6,300	4,405	14,010
Law Enforcement Continuing Education	712	475	343	844
Riverboat	16,888	8,412	-	25,300
Rainy Day	11,436	12,864	-	24,300
Trailer Ordinance	525	-	-	525
Revolving Loans	58,366	7,082	12,500	52,948
Ordinance Violations Bureau	800	-	-	800
Cumulative Capital Improvement	13,441	4,685	330	17,796
Economic Development Income Tax	47,868	14,333	11,352	50,849
Proprietary Funds:				
Water Utility - Operating	69,020	414,353	407,874	75,499
Water Utility - Bond and Interest	76,544	56,492	129,161	3,875
Water Utility - Depreciation	67,207	137,742	-	204,949
Water Utility - Debt Service Reserve	106,163	7,953	38,504	75,612
Water Utility - Customer Deposit	34,125	6,325	3,897	36,553
Wastewater Utility - Operating	44,641	186,558	168,262	62,937
Wastewater Utility - Bond and Interest	46,107	31,376	23,640	53,843
Wastewater Utility - Depreciation	21,638	4,512	-	26,150
Wastewater Utility - Debt Service Reserve	81,934	6,372	-	88,306
Fiduciary Fund:				
Payroll	2,956	287,788	287,720	3,024
Totals	<u>\$ 1,109,084</u>	<u>\$ 1,312,591</u>	<u>\$ 1,302,234</u>	<u>\$ 1,119,441</u>

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

TOWN OF NEW PEKIN  
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, 2007 And 2008  
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 191,215	\$ 231,135	\$ 161,194	\$ 261,156
Motor Vehicle Highway	90,215	35,697	29,136	96,776
Local Road and Street	19,891	5,595	5,984	19,502
Park and Recreation	14,010	5,551	4,069	15,492
Law Enforcement Continuing Education	844	1,166	1,012	998
Riverboat	25,300	8,368	-	33,668
Rainy Day	24,300	5,971	679	29,592
Trailer Ordinance	525	-	-	525
Revolving Loans	52,948	7,560	-	60,508
Ordinance Violations Bureau	800	-	-	800
Cumulative Capital Improvement	17,796	4,338	806	21,328
Economic Development Income Tax	50,849	14,196	7,179	57,866
Proprietary Funds:				
Water Utility - Operating	75,499	438,258	452,350	61,407
Water Utility - Bond and Interest	3,875	44,850	45,493	3,232
Water Utility - Depreciation	204,949	78,126	37,569	245,506
Water Utility - Debt Service Reserve	75,612	3,026	24,500	54,138
Water Utility - Customer Deposit	36,553	7,114	5,009	38,658
Wastewater Utility - Operating	62,937	196,907	184,045	75,799
Wastewater Utility - Bond and Interest	53,843	28,800	24,280	58,363
Wastewater Utility - Depreciation	26,150	4,210	9,020	21,340
Wastewater Utility - Debt Service Reserve	88,306	6,380	-	94,686
Fiduciary Fund:				
Payroll	3,024	310,057	310,187	2,894
Totals	<u>\$ 1,119,441</u>	<u>\$ 1,437,305</u>	<u>\$ 1,302,512</u>	<u>\$ 1,254,234</u>

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

TOWN OF NEW PEKIN  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater and urban redevelopment and housing.

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.

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 NEW PEKIN  
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

On October 29, 2009, in the case of Anita Sue Guthrie and Mark Guthrie, Co-Owners of Pekin Estates vs. The Town of New Pekin a trial resulted in a judgment being placed against the Town of New Pekin in the amount of \$51,853.75. It was further ordered that Pre-Judgment Interest, if any, to be awarded to Plaintiffs on the Judgments is taken under advisement pending further proceeding in this matter.

TOWN OF NEW PEKIN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,500
Buildings	155,861
Improvements other than buildings	6,032
Machinery and equipment	<u>122,838</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 286,231</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 39,000
Buildings	230,000
Improvements other than buildings	1,777,523
Machinery and equipment	<u>71,794</u>
 Total Water Utility capital assets	 <u>2,118,317</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	93,429
Buildings	22,634
Improvements other than buildings	1,683,919
Machinery and equipment	<u>455,465</u>
 Total Wastewater Utility capital assets	 <u>2,255,447</u>
 Total business-type activities capital assets	 <u>\$ 4,373,764</u>

TOWN OF NEW PEKIN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

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:		
2007 Waterworks refunding revenue bonds	\$ 485,000	\$ 42,992
Wastewater Utility:		
Revenue bonds:		
1989 Sewage works expansion revenue bonds	281,000	24,860
Total business-type activities debt	<u>\$ 766,000</u>	<u>\$ 67,852</u>

TOWN OF NEW PEKIN  
EXIT CONFERENCE

The contents of this report were discussed on November 23, 2009, with Sherry L. Clem, Clerk-Treasurer; and Gary Nale, Town Manager. Our examination disclosed no material items that warrant comment at this time.