

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF NEW CASTLE

HENRY COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
12/19/2014



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Greg York	01-01-12 to 12-31-15
Clerk-Treasurer	Christy York	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Greg York	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Mark Koger	01-01-13 to 12-31-14
Superintendent of Water Utility	Melvin Watson	01-01-13 to 12-31-14
Superintendent of Wastewater Utility	Dale Johnson	01-01-13 to 12-31-14
Superintendent of Storm Water Utility	Dale Johnson	01-01-13 to 12-31-14
Utility Office Manager	Janice Burns	01-01-13 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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**INDEPENDENT ACCOUNTANT'S REPORT**

TO: THE OFFICIALS OF THE NEW CASTLE, HENRY COUNTY, INDIANA

We have examined the accompanying financial statement of the City of New Castle (City), for the year ended December 31, 2013. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, on the basis of accounting described in Note 1.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

November 25, 2014

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## FINANCIAL STATEMENT

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

CITY OF NEW CASTLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 740,388	\$ 9,978,333	\$ 10,407,376	\$ 311,345
MVH	82,984	526,473	540,300	69,157
LRS	374,181	319,171	481,893	211,459
Aviation Non-Revert	36,651	14,194	42,710	8,135
Garner & Eastside Bond	253	-	-	253
Park Non-Revert	24,135	29,751	46,799	7,087
Transportation	82,136	360,842	391,629	51,349
Police Ed	56,841	24,528	24,431	56,938
Clerk'S Record Perpet.	5,112	436	-	5,548
Riverboat	135,724	107,306	-	243,030
Sanitation Department	167,278	986,085	992,208	161,155
Rainy Day Fund	438,065	74,038	-	512,103
Police Fed Sharing Non-Revert	19,476	13,530	7,539	25,467
Northfield Tif	161,859	97,054	71,781	187,132
CCI	56,498	48,627	56,289	48,836
CCD	231,718	130,881	263,086	99,513
Se/ Downtown (Tif) Non-Revert	342,264	143,450	93,042	392,672
Indiana Avenue Tif Fund	513	23,876	12,451	11,938
Ipfp Emplée Clearing	-	154,911	155,510	(599)
Health Ins. Cum.	-	3,954,775	4,012,968	(58,193)
Police Pension	457,590	709,016	676,280	490,326
Fire Pension	268,533	504,066	489,187	283,412
Police Canine Donation	1,893	775	1,990	678
Police Assistance	12,385	-	-	12,385
20.509 Transport. ARRA	(69,051)	92,666	23,615	-
Sidewalk/ CRR Non-Revert	649	-	150	499
Fireman Fund Award	1,577	410	1,889	98
Aquatic Center Non-Revert	64,165	50,000	102,223	11,942
First Aid Unit Donation	7,464	23,417	13,939	16,942
Mayor Donation	30	-	-	30
City Center Non-Revert	-	18,450	18,450	-
Fire Dept Assistance	766	25	-	791
Fire Donation	569	100	-	669
Cemetery Options	12,458	5,760	4,000	14,218
Cemetery Non-Revert	24,596	-	-	24,596
Demolition	9,334	2,947	-	12,281
Operation Pullover	3,823	4,187	2,776	5,234
Cum. Pool Non-Revert	52,278	9,107	41,186	20,199
1St Aid Recovery Non-Revert	31,612	189,037	161,464	59,185
Fire Donation Shop W/Fire	7,426	17,799	13,510	11,715
Restricted Donations	2,637	16,609	9,648	9,598
Park/Pool Bond Balance	1,749	-	-	1,749
Pool Bond & Interst	32,978	136,778	169,756	-
Non-Reverting Street & Road Fund	8,274	-	-	8,274
Police Services N/R	8,342	3,672	4,807	7,207
Township Fire Non-Revert	232,270	-	44,092	188,178
Downtown Non-Revert	116	-	-	116
Northfield Debt Ser./ Escrow	49,229	-	-	49,229
Perpetual Maintenance	211,154	66,299	51,579	225,874
Mausoleum Non-Revert	235	-	-	235
Law Enf Fund Non/Rev	-	1,250	-	1,250
14.228 Nsp 1 Downtown & Housing	(21,623)	164,555	123,362	19,570
20.600 Indot Sign Grant	(24,205)	-	27,965	(52,170)
20.509 Indot Grant Garner	(81,162)	242,244	161,082	-
Garner Street Debt Reserve	86,000	-	-	86,000
Northfield Bond & Interest	-	56,481	56,481	-
Payroll	21,124	8,536,876	8,431,306	126,694
10900 Investments	4,300	-	-	4,300
Flex Health Saving Account	11,912	4,079	4,336	11,655
Storm Water Non-Revert (W/W)	2,146,998	632,091	337,359	2,441,730
Wastewater Operating	117,202	4,040,854	4,072,225	85,831
Wastewater Deposits	-	12,800	1,350	11,450
Wastewater Improvement	100,000	-	-	100,000
Wastewater Construction	678,970	-	192,321	486,649
Wastewater Bond & Interest	392,821	512,098	683,022	221,897
Wastewater Debt Service	691,584	56,900	-	748,484
Water Operating	137,801	3,287,105	3,402,412	22,494
Water Meter Deposits	68,724	44,775	28,056	85,443
Water Improvement	285,500	254,676	85,187	454,989
Water Construction	4,414	-	-	4,414
Special Utilities	2,359	34,492	35,030	1,821
Utilities CC Account	7,974	413,325	409,673	11,626
Totals	\$ 9,021,850	\$ 37,133,982	\$ 37,481,720	\$ 8,674,112

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



CITY OF NEW CASTLE  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

**C. Cash and Investments**

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

**D. Receipts**

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

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

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

CITY OF NEW CASTLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

Utility fees which are comprised mostly of charges for current services.

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

*E. Disbursements*

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

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

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

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

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

CITY OF NEW CASTLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

Utility operating expenses which include all outflows for operating the utilities.

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

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF NEW CASTLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. *Deposits and Investments***

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

State statutes authorize the City 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.

**Note 5. *Risk Management***

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

**Note 6. *Pension Plans***

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF NEW CASTLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF NEW CASTLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*D. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants and employer share of insurance not transferred. The reimbursement for expenditures made by the city was not received by December 31, 2013.

#### SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013

	General	MVH	LRS	Aviation Non-Revert	Garner & Eastside Bond	Park Non-Revert	Transportation
Cash and investments - beginning	\$ 740,388	\$ 82,984	\$ 374,181	\$ 36,651	\$ 253	\$ 24,135	\$ 82,136
Receipts:							
Taxes	5,392,510	6,715	151,224	13,967	-	-	62,382
Licenses and permits	147,955	-	-	-	-	-	-
Intergovernmental	2,811,815	518,966	82,678	227	-	-	210,581
Charges for services	1,458,906	-	-	-	-	-	87,168
Fines and forfeits	18,102	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	149,045	792	85,269	-	-	29,751	711
Total receipts	9,978,333	526,473	319,171	14,194	-	29,751	360,842
Disbursements:							
Personal services	8,332,196	360,208	-	-	-	-	293,142
Supplies	378,499	66,931	104,990	-	-	-	57,154
Other services and charges	1,444,750	113,161	-	42,710	-	-	41,333
Debt service - principal and interest	-	-	376,903	-	-	-	-
Capital outlay	93,003	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	158,928	-	-	-	-	46,799	-
Total disbursements	10,407,376	540,300	481,893	42,710	-	46,799	391,629
Excess (deficiency) of receipts over disbursements	(429,043)	(13,827)	(162,722)	(28,516)	-	(17,048)	(30,787)
Cash and investments - ending	\$ 311,345	\$ 69,157	\$ 211,459	\$ 8,135	\$ 253	\$ 7,087	\$ 51,349



CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	Police Ed	Clerk'S Record Perpet.	Riverboat	Sanitation Department	Rainy Day Fund	Police Fed Sharing Non-Revert	Northfield Tif
Cash and investments - beginning	\$ 56,841	\$ 5,112	\$ 135,724	\$ 167,278	\$ 438,065	\$ 19,476	\$ 161,859
Receipts:							
Taxes	-	-	-	-	74,038	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	107,306	-	-	-	97,054
Charges for services	20,048	436	-	986,085	-	-	-
Fines and forfeits	2,716	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,764	-	-	-	-	13,530	-
Total receipts	24,528	436	107,306	986,085	74,038	13,530	97,054
Disbursements:							
Personal services	-	-	-	308,510	-	-	-
Supplies	14,027	-	-	258,201	-	-	-
Other services and charges	10,151	-	-	425,420	-	7,539	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	71,781
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	253	-	-	77	-	-	-
Total disbursements	24,431	-	-	992,208	-	7,539	71,781
Excess (deficiency) of receipts over disbursements	97	436	107,306	(6,123)	74,038	5,991	25,273
Cash and investments - ending	\$ 56,938	\$ 5,548	\$ 243,030	\$ 161,155	\$ 512,103	\$ 25,467	\$ 187,132

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	CCI	CCD	Se/ Downtown (Tif) Non-Revert	Indiana Avenue Tif Fund	Ipfp Emplee Clearing	Health Ins. Cum.	Police Pension
Cash and investments - beginning	\$ 56,498	\$ 231,718	\$ 342,264	\$ 513	\$ -	\$ -	\$ 457,590
Receipts:							
Taxes	-	124,358	143,450	23,876	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	48,627	2,023	-	-	-	-	-
Charges for services	-	-	-	-	-	-	354,508
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	4,500	-	-	154,911	3,954,775	354,508
Total receipts	48,627	130,881	143,450	23,876	154,911	3,954,775	709,016
Disbursements:							
Personal services	-	-	-	-	155,510	4,012,968	676,280
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	55,314	-	12,451	-	-	-
Capital outlay	56,289	207,772	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	93,042	-	-	-	-
Total disbursements	56,289	263,086	93,042	12,451	155,510	4,012,968	676,280
Excess (deficiency) of receipts over disbursements	(7,662)	(132,205)	50,408	11,425	(599)	(58,193)	32,736
Cash and investments - ending	\$ 48,836	\$ 99,513	\$ 392,672	\$ 11,938	\$ (599)	\$ (58,193)	\$ 490,326

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	Fire Pension	Police Canine Donation	Police Assistance	20.509 Transport. ARRA	Sidewalk/ CRR Non-Revert	Fireman Fund Award	Aquatic Center Non-Revert
Cash and investments - beginning	\$ 268,533	\$ 1,893	\$ 12,385	\$ (69,051)	\$ 649	\$ 1,577	\$ 64,165
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	92,666	-	-	-
Charges for services	252,033	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	252,033	775	-	-	-	410	50,000
Total receipts	504,066	775	-	92,666	-	410	50,000
Disbursements:							
Personal services	489,152	-	-	-	-	-	-
Supplies	35	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,990	-	23,615	150	1,889	102,223
Total disbursements	489,187	1,990	-	23,615	150	1,889	102,223
Excess (deficiency) of receipts over disbursements	14,879	(1,215)	-	69,051	(150)	(1,479)	(52,223)
Cash and investments - ending	\$ 283,412	\$ 678	\$ 12,385	\$ -	\$ 499	\$ 98	\$ 11,942

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	First Aid Unit Donation	Mayor Donation	City Center Non-Revert	Fire Dept Assistance	Fire Donation	Cemetery Options	Cemetery Non-Revert
Cash and investments - beginning	\$ 7,464	\$ 30	\$ -	\$ 766	\$ 569	\$ 12,458	\$ 24,596
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	11,613	25	-	5,760	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	23,417	-	6,837	-	100	-	-
Total receipts	23,417	-	18,450	25	100	5,760	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	322	-	-	-	-
Other services and charges	-	-	18,128	-	-	4,000	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	13,939	-	-	-	-	-	-
Total disbursements	13,939	-	18,450	-	-	4,000	-
Excess (deficiency) of receipts over disbursements	9,478	-	-	25	100	1,760	-
Cash and investments - ending	\$ 16,942	\$ 30	\$ -	\$ 791	\$ 669	\$ 14,218	\$ 24,596

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	<u>Demolition</u>	<u>Operation Pullover</u>	<u>Cum. Pool Non-Revert</u>	<u>1St Aid Recovery Non-Revert</u>	<u>Fire Donation Shop W/Fire</u>	<u>Restricted Donations</u>	<u>Park/Pool Bond Balance</u>
Cash and investments - beginning	\$ 9,334	\$ 3,823	\$ 52,278	\$ 31,612	\$ 7,426	\$ 2,637	\$ 1,749
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	2,947	4,187	8,759	189,037	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	348	-	17,799	16,609	-
Total receipts	<u>2,947</u>	<u>4,187</u>	<u>9,107</u>	<u>189,037</u>	<u>17,799</u>	<u>16,609</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	161,464	-	1,002	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	41,186	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	2,776	-	-	13,510	8,646	-
Total disbursements	<u>-</u>	<u>2,776</u>	<u>41,186</u>	<u>161,464</u>	<u>13,510</u>	<u>9,648</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,947</u>	<u>1,411</u>	<u>(32,079)</u>	<u>27,573</u>	<u>4,289</u>	<u>6,961</u>	<u>-</u>
Cash and investments - ending	<u>\$ 12,281</u>	<u>\$ 5,234</u>	<u>\$ 20,199</u>	<u>\$ 59,185</u>	<u>\$ 11,715</u>	<u>\$ 9,598</u>	<u>\$ 1,749</u>

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	Pool Bond & Interst	Non-Reverting Street & Road Fund	Police Services N/R	Township Fire Non-Revert	Downtown Non-Revert	Northfield Debt Ser./ Escrow	Perpetual Maintenance
Cash and investments - beginning	\$ 32,978	\$ 8,274	\$ 8,342	\$ 232,270	\$ 116	\$ 49,229	\$ 211,154
Receipts:							
Taxes	108,794	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	12,127	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	66,299
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	15,857	-	3,672	-	-	-	-
Total receipts	136,778	-	3,672	-	-	-	66,299
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	169,756	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	4,807	44,092	-	-	51,579
Total disbursements	169,756	-	4,807	44,092	-	-	51,579
Excess (deficiency) of receipts over disbursements	(32,978)	-	(1,135)	(44,092)	-	-	14,720
Cash and investments - ending	\$ -	\$ 8,274	\$ 7,207	\$ 188,178	\$ 116	\$ 49,229	\$ 225,874

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	Mausoleum Non-Revert	Law Enf Fund Non/Rev	14.228 NSP 1 Downtown & Housing	20.600 Indot Sign Grant	20.509 Indot Grant Garner	Garner Street Debt Reserve
Cash and investments - beginning	\$ 235	\$ -	\$ (21,623)	\$ (24,205)	\$ (81,162)	\$ 86,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	164,555	-	242,244	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,250	-	-	-	-
Total receipts	-	1,250	164,555	-	242,244	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	126	27,965	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	123,236	-	161,082	-
Total disbursements	-	-	123,362	27,965	161,082	-
Excess (deficiency) of receipts over disbursements	-	1,250	41,193	(27,965)	81,162	-
Cash and investments - ending	\$ 235	\$ 1,250	\$ 19,570	\$ (52,170)	\$ -	\$ 86,000

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	Northfield Bond & Interest	Payroll	10900 Investments	Flex Health Saving Account	Storm Water Non-Revert (W/W)	Wastewater Operating
Cash and investments - beginning	\$ -	\$ 21,124	\$ 4,300	\$ 11,912	\$ 2,146,998	\$ 117,202
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	632,091	4,040,854
Other receipts	56,481	8,536,876	-	4,079	-	-
Total receipts	56,481	8,536,876	-	4,079	632,091	4,040,854
Disbursements:						
Personal services	-	8,431,306	-	-	12,325	639,130
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	57,344
Debt service - principal and interest	56,481	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	325,034	3,375,751
Other disbursements	-	-	-	4,336	-	-
Total disbursements	56,481	8,431,306	-	4,336	337,359	4,072,225
Excess (deficiency) of receipts over disbursements	-	105,570	-	(257)	294,732	(31,371)
Cash and investments - ending	\$ -	\$ 126,694	\$ 4,300	\$ 11,655	\$ 2,441,730	\$ 85,831



CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	Wastewater Deposits	Wastewater Improvement	Wastewater Construction	Wastewater Bond & Interest	Wastewater Debt Service	Water Operating
Cash and investments - beginning	\$ -	\$ 100,000	\$ 678,970	\$ 392,821	\$ 691,584	\$ 137,801
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	12,800	-	-	-	-	3,287,105
Other receipts	-	-	-	512,098	56,900	-
Total receipts	12,800	-	-	512,098	56,900	3,287,105
Disbursements:						
Personal services	-	-	-	-	-	466,947
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	49,902
Debt service - principal and interest	-	-	-	683,022	-	-
Capital outlay	-	-	192,321	-	-	-
Utility operating expenses	1,350	-	-	-	-	2,885,563
Other disbursements	-	-	-	-	-	-
Total disbursements	1,350	-	192,321	683,022	-	3,402,412
Excess (deficiency) of receipts over disbursements	11,450	-	(192,321)	(170,924)	56,900	(115,307)
Cash and investments - ending	\$ 11,450	\$ 100,000	\$ 486,649	\$ 221,897	\$ 748,484	\$ 22,494

CITY OF NEW CASTLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	Water Meter Deposits	Water Improvement	Water Construction	Special Utilities	Utilities CC Account	Totals
Cash and investments - beginning	\$ 68,724	\$ 285,500	\$ 4,414	\$ 2,359	\$ 7,974	\$ 9,021,850
Receipts:						
Taxes	-	-	-	-	-	6,101,314
Licenses and permits	-	-	-	-	-	147,955
Intergovernmental	-	-	-	-	-	4,390,869
Charges for services	-	-	-	-	-	3,447,811
Fines and forfeits	-	-	-	-	-	20,818
Utility fees	44,775	-	-	34,492	413,325	8,465,442
Other receipts	-	254,676	-	-	-	14,559,773
Total receipts	44,775	254,676	-	34,492	413,325	37,133,982
Disbursements:						
Personal services	-	-	-	-	-	24,177,674
Supplies	-	-	-	-	-	880,159
Other services and charges	-	-	-	-	-	2,376,904
Debt service - principal and interest	-	-	-	-	-	1,353,927
Capital outlay	-	-	-	-	-	690,443
Utility operating expenses	28,056	85,187	-	35,030	409,673	7,145,644
Other disbursements	-	-	-	-	-	856,969
Total disbursements	28,056	85,187	-	35,030	409,673	37,481,720
Excess (deficiency) of receipts over disbursements	16,719	169,489	-	(538)	3,652	(347,738)
Cash and investments - ending	\$ 85,443	\$ 454,989	\$ 4,414	\$ 1,821	\$ 11,626	\$ 8,674,112

CITY OF NEW CASTLE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Ally Financing	4 Dodge Chargers - Police	\$ 29,393	1/27/2012	1/27/2015
Huntington	5 Dodge Chargers - Police	34,628	3/21/2014	3/21/2016
Huntington	2 Ambulances	110,935	3/21/2014	3/21/2016
TCF Equipment Finance	2 LaBrie Automizer Trucks and Toters	180,571	7/17/2010	7/17/2016
TCF Equipment Finance	1 LaBrie Truck	50,508	6/23/2011	6/23/2017
Total governmental activities		<u>406,035</u>		
Wastewater:				
Starburst (MASAO Sam Kondo)	Waste Holding Tank Upgrade	<u>412,577</u>	6/1/2013	5/1/2015
Total of annual lease payments		<u><u>\$ 818,612</u></u>		
Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year	
Type	Purpose			
Governmental activities:				
General obligation bonds	Park District Bonds 2006	\$ 1,315,000	\$	170,200
General obligation bonds	Garner Eastside Bond 2009	605,000		115,094
Revenue bonds	NC Redevelopment TIF Bonds 2009	<u>395,000</u>		<u>54,553</u>
Total governmental activities		<u>2,315,000</u>		<u>339,847</u>
Wastewater:				
Revenue bonds	Sewage Works Revenue Bonds 2006	1,500,000		151,913
Revenue bonds	Sewage Works Revenue Bonds SRF 2000	<u>4,020,000</u>		<u>527,300</u>
Total Wastewater		<u>5,520,000</u>		<u>679,213</u>
Totals		<u><u>\$ 7,835,000</u></u>	<u><u>\$</u></u>	<u><u>1,019,060</u></u>

CITY OF NEW CASTLE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2013

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.

	Ending Balance
Governmental activities:	
Land	\$ 190,000
Buildings	2,640,876
Improvements other than buildings	541,137
Machinery, equipment, and vehicles	<u>4,184,308</u>
Total governmental activities	<u>7,556,321</u>
Storm Water:	
Improvements other than buildings	<u>1,662,247</u>
Total Storm Water	<u>1,662,247</u>
Wastewater:	
Land	98,713
Buildings	12,191,307
Improvements other than buildings	17,738,708
Machinery, equipment, and vehicles	2,428,175
Construction in progress	<u>3,315,630</u>
Total Wastewater	<u>35,772,533</u>
Water:	
Land	325,082
Buildings	714,410
Improvements other than buildings	7,656,998
Machinery, equipment, and vehicles	1,330,907
Construction in progress	<u>447,192</u>
Total Water	<u>10,474,589</u>
Total capital assets	<u>\$ 55,465,690</u>

CITY OF NEW CASTLE  
EXAMINATION RESULTS AND COMMENTS

**CONDITION OF RECORDS**

The financial records presented for examination contained numerous errors.

Some of the deficiencies included:

1. Posting errors which included transactions posted twice.
2. Checks and receipts not recorded in the proper amounts or to the proper funds.
3. Transfers not sufficiently posted to both affected funds.
4. Error correction entries without reference to the original entry being corrected.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations contained errors and did not balance. Some outstanding check lists were not accurate. There were adjustments made to the bank reconciliations that were not supported. As of December 31, 2013, the financial records of the City had funds totaling \$7,459 less than the adjusted bank accounts.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**OVERPAYMENT COLLECTIONS**

Payments made in 2013 to converted pensioners exceeded the amounts owed by the City in the amount of \$1,101.94. This was due to a miscalculation of benefits. The error was discovered in 2014 and payments to pensioners related to 2014 were adjusted to ensure that the amounts received by pensioners in 2014 would be accurate. The Pension Board voted to not require repayment of the overpayment for 2013.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF NEW CASTLE  
EXIT CONFERENCE

The contents of this report were discussed on November 25, 2014, with Greg York, Mayor; Christy York, Clerk-Treasurer; and Mark Koger, President Pro Tempore of the Common Council.