

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF NEW CHICAGO

LAKE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
04/10/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lori L. Reno	03-10-07 to 12-31-15
President of the Town Council	Laurie Robbins	01-01-10 to 12-31-10
	Wallace Peters	01-01-11 to 05-10-11
	Laurie Robbins	05-11-11 to 12-31-13
	Pam Richard	01-01-14 to 12-31-15
Manager of Utilities	Esta A. Barber	01-01-10 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NEW CHICAGO, LAKE COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of New Chicago (Town), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 Town prepares its financial statements 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 statements 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. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do 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 Town for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

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

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

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

January 22, 2015

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FINANCIAL STATEMENTS

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

TOWN OF NEW CHICAGO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 47,871	\$ 724,863	\$ 766,697	\$ 6,037
Motor Vehicle Highway	50,813	54,678	78,554	26,937
Local Road and Street	18,053	25,751	19,739	24,065
Park and Recreation	10,069	20,047	21,462	8,654
Law Enforcement Continuing Education	9,018	5,624	3,723	10,919
Indiana Gaming Revenue	31,265	30,093	21,854	39,504
Police Donation	2,417	-	-	2,417
Fire Donation	1,554	748	1,200	1,102
Park Donation	237	1,716	1,230	723
Deferred Prosecution	15,688	37,488	52,177	999
Drug Task Force	-	16,567	16,567	-
Court Costs	2,804	-	-	2,804
Sanitation	19,406	87,609	73,869	33,146
Recycling	6,836	13,720	18,022	2,534
Police Towing	10,033	5,715	2,502	13,246
MS4	-	9,717	5,537	4,180
Excess Welfare Distribution	-	819	-	819
Economic Development	10,142	4,725	1,939	12,928
Cumulative Capital Improvement	27,999	6,040	8,937	25,102
Cumulative Building and Fire Fighting Equipment	4,004	-	1,450	2,554
Local Major Moves Construction	57	-	-	57
Water Utility Operating	208,687	1,233,190	1,213,011	228,866
Water Utility Depreciation	149,284	51,212	79,471	121,025
Water Utility Customer Deposit	100,820	58,544	13,292	146,072
Water Utility Cash Reserve	16,144	89,189	35,197	70,136
Wastewater Utility Operating	14,200	206,592	206,892	13,900
Wastewater Utility Depreciation	76,560	63,370	52,852	87,078
Wastewater Utility Sinking	37,948	169,932	87,933	119,947
Park Deposits	1,090	1,325	1,100	1,315
Police Officers' Pension	14,884	-	-	14,884
Payroll	3,485	585,712	584,346	4,851
Totals	<u>\$ 891,368</u>	<u>\$ 3,504,986</u>	<u>\$ 3,369,553</u>	<u>\$ 1,026,801</u>

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

TOWN OF NEW CHICAGO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2011

	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 6,037	\$ 730,814	\$ 582,649	\$ 154,202
Motor Vehicle Highway	26,937	54,056	57,581	23,412
Local Road and Street	24,065	26,347	10,496	39,916
Park and Recreation	8,654	33,885	28,308	14,231
Law Enforcement Continuing Education	10,919	5,291	1,559	14,651
Indiana Gaming Revenue	39,504	28,705	35,300	32,909
Police Donation	2,417	-	-	2,417
Fire Donation	1,102	2,449	2,514	1,037
Park Donation	723	1,348	1,296	775
Deferred Prosecution	999	53,865	47,812	7,052
Court Costs	2,804	-	2,387	417
Sanitation	33,146	88,488	93,146	28,488
Recycling	2,534	6,835	8,711	658
Police Towing	13,246	5,733	11,800	7,179
MS4	4,180	45,218	29,171	20,227
Excess Welfare Distribution	819	-	819	-
Economic Development	12,928	325	7,850	5,403
Cumulative Capital Improvement	25,102	5,924	12,940	18,086
Cumulative Building and Fire Fighting Equipment	2,554	300	1,504	1,350
Local Major Moves Construction	57	-	-	57
Water Utility Operating	228,866	1,209,774	1,195,586	243,054
Water Utility Depreciation	121,025	53,625	36,790	137,860
Water Utility Customer Deposit	146,072	17,170	14,180	149,062
Water Utility Cash Reserve	70,136	85,313	24,990	130,459
Wastewater Utility Operating	13,900	211,852	217,394	8,358
Wastewater Utility Depreciation	87,078	600	46,824	40,854
Wastewater Utility Sinking	119,947	85,201	122,728	82,420
Park Deposits	1,315	1,250	1,175	1,390
Police Officers' Pension	14,884	-	-	14,884
Payroll	4,851	525,030	526,465	3,416
Totals	<u>\$ 1,026,801</u>	<u>\$ 3,279,398</u>	<u>\$ 3,121,975</u>	<u>\$ 1,184,224</u>

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

TOWN OF NEW CHICAGO
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council 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, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts 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, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

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.

TOWN OF NEW CHICAGO
NOTES TO FINANCIAL STATEMENTS
(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 statements. The aggregate disbursements 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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF NEW CHICAGO
NOTES TO FINANCIAL STATEMENTS
(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 Town 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 Town. 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 Town. 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 Town 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 Town 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 Town 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.

TOWN OF NEW CHICAGO
NOTES TO FINANCIAL STATEMENTS
(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 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.

Note 5. *Risk Management*

The Town 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 Town 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 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 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

TOWN OF NEW CHICAGO
NOTES TO FINANCIAL STATEMENTS
(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. 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
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are 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 Town. It is presented as intended by the Town.

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Law Enforcement Continuing Education	Indiana Gaming Revenue	Police Donation
Cash and investments - beginning	\$ 47,871	\$ 50,813	\$ 18,053	\$ 10,069	\$ 9,018	\$ 31,265	\$ 2,417
Receipts:							
Taxes	399,355	-	-	17,711	-	-	-
Licenses and permits	15,170	-	-	-	560	-	-
Intergovernmental	27,491	54,576	25,751	912	-	30,093	-
Charges for services	-	-	-	900	990	-	-
Fines and forfeits	58,894	-	-	-	3,029	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	223,953	102	-	524	1,045	-	-
Total receipts	724,863	54,678	25,751	20,047	5,624	30,093	-
Disbursements:							
Personal services	262,766	5,385	2,312	7,711	-	11,015	-
Supplies	13,084	19,403	-	3,003	2,412	-	-
Other services and charges	115,579	47,817	17,427	6,612	1,311	10,839	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	5,949	-	4,086	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	375,268	-	-	50	-	-	-
Total disbursements	766,697	78,554	19,739	21,462	3,723	21,854	-
Excess (deficiency) of receipts over disbursements	(41,834)	(23,876)	6,012	(1,415)	1,901	8,239	-
Cash and investments - ending	\$ 6,037	\$ 26,937	\$ 24,065	\$ 8,654	\$ 10,919	\$ 39,504	\$ 2,417

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2010
(Continued)

	Fire Donation	Park Donation	Deferred Prosecution	Drug Task Force	Court Costs	Sanitation	Recycling
Cash and investments - beginning	\$ 1,554	\$ 237	\$ 15,688	\$ -	\$ 2,804	\$ 19,406	\$ 6,836
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	16,567	-	-	-
Charges for services	-	-	-	-	-	87,609	13,720
Fines and forfeits	-	-	37,488	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	748	1,716	-	-	-	-	-
Total receipts	748	1,716	37,488	16,567	-	87,609	13,720
Disbursements:							
Personal services	-	-	38,772	16,567	-	-	-
Supplies	-	-	692	-	-	-	-
Other services and charges	1,200	1,230	11,453	-	-	73,869	18,022
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	1,260	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	1,200	1,230	52,177	16,567	-	73,869	18,022
Excess (deficiency) of receipts over disbursements	(452)	486	(14,689)	-	-	13,740	(4,302)
Cash and investments - ending	\$ 1,102	\$ 723	\$ 999	\$ -	\$ 2,804	\$ 33,146	\$ 2,534

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2010
(Continued)

	Police Towing	MS4	Excess Welfare Distribution	Economic Development	Cumulative Capital Improvement	Cumulative Building and Fire Fighting Equipment
Cash and investments - beginning	\$ 10,033	\$ -	\$ -	\$ 10,142	\$ 27,999	\$ 4,004
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	819	4,725	6,040	-
Charges for services	5,715	9,717	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	5,715	9,717	819	4,725	6,040	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,502	-	-	1,939	8,937	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	1,450
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	5,537	-	-	-	-
Total disbursements	2,502	5,537	-	1,939	8,937	1,450
Excess (deficiency) of receipts over disbursements	3,213	4,180	819	2,786	(2,897)	(1,450)
Cash and investments - ending	\$ 13,246	\$ 4,180	\$ 819	\$ 12,928	\$ 25,102	\$ 2,554

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2010
(Continued)

	Local Major Moves Construction	Water Utility Operating	Water Utility Depreciation	Water Utility Customer Deposit	Water Utility Cash Reserve	Wastewater Utility Operating
Cash and investments - beginning	\$ 57	\$ 208,687	\$ 149,284	\$ 100,820	\$ 16,144	\$ 14,200
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,199,705	-	-	-	205,257
Other receipts	-	33,485	51,212	58,544	89,189	1,335
Total receipts	-	1,233,190	51,212	58,544	89,189	206,592
Disbursements:						
Personal services	-	402,659	-	-	-	61,301
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	495,330	-	-	-	58,157
Other disbursements	-	315,022	79,471	13,292	35,197	87,434
Total disbursements	-	1,213,011	79,471	13,292	35,197	206,892
Excess (deficiency) of receipts over disbursements	-	20,179	(28,259)	45,252	53,992	(300)
Cash and investments - ending	\$ 57	\$ 228,866	\$ 121,025	\$ 146,072	\$ 70,136	\$ 13,900

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2010
(Continued)

	Wastewater Utility Depreciation	Wastewater Utility Sinking	Park Deposits	Police Officers' Pension	Payroll	Totals
Cash and investments - beginning	\$ 76,560	\$ 37,948	\$ 1,090	\$ 14,884	\$ 3,485	\$ 891,368
Receipts:						
Taxes	-	-	-	-	-	417,066
Licenses and permits	-	-	-	-	-	15,730
Intergovernmental	-	-	-	-	-	166,974
Charges for services	-	-	-	-	-	118,651
Fines and forfeits	-	-	-	-	-	99,411
Utility fees	-	-	-	-	-	1,404,962
Other receipts	63,370	169,932	1,325	-	585,712	1,282,192
Total receipts	63,370	169,932	1,325	-	585,712	3,504,986
Disbursements:						
Personal services	-	-	-	-	-	808,488
Supplies	-	-	-	-	-	38,594
Other services and charges	-	-	-	-	-	318,737
Debt service - principal and interest	-	87,933	-	-	-	87,933
Capital outlay	-	-	-	-	-	12,745
Utility operating expenses	-	-	-	-	-	553,487
Other disbursements	52,852	-	1,100	-	584,346	1,549,569
Total disbursements	52,852	87,933	1,100	-	584,346	3,369,553
Excess (deficiency) of receipts over disbursements	10,518	81,999	225	-	1,366	135,433
Cash and investments - ending	\$ 87,078	\$ 119,947	\$ 1,315	\$ 14,884	\$ 4,851	\$ 1,026,801

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Law Enforcement Continuing Education	Indiana Gaming Revenue	Police Donation
Cash and investments - beginning	\$ 6,037	\$ 26,937	\$ 24,065	\$ 8,654	\$ 10,919	\$ 39,504	\$ 2,417
Receipts:							
Taxes	443,765	-	-	25,996	-	-	-
Licenses and permits	10,850	-	-	-	945	-	-
Intergovernmental	26,186	54,005	26,347	1,272	-	28,705	-
Charges for services	42,104	-	-	900	-	-	-
Fines and forfeits	23,568	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	184,341	51	-	5,717	4,346	-	-
Total receipts	730,814	54,056	26,347	33,885	5,291	28,705	-
Disbursements:							
Personal services	237,037	4,483	1,124	7,246	-	-	-
Supplies	6,431	95	9,372	3,534	840	524	-
Other services and charges	113,973	49,472	-	8,092	719	9,776	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	3,531	-	9,436	-	25,000	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	225,208	-	-	-	-	-	-
Total disbursements	582,649	57,581	10,496	28,308	1,559	35,300	-
Excess (deficiency) of receipts over disbursements	148,165	(3,525)	15,851	5,577	3,732	(6,595)	-
Cash and investments - ending	\$ 154,202	\$ 23,412	\$ 39,916	\$ 14,231	\$ 14,651	\$ 32,909	\$ 2,417

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2011
(Continued)

	Fire Donation	Park Donation	Deferred Prosecution	Court Costs	Sanitation	Recycling
Cash and investments - beginning	\$ 1,102	\$ 723	\$ 999	\$ 2,804	\$ 33,146	\$ 2,534
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	6,835
Charges for services	-	-	-	-	88,488	-
Fines and forfeits	-	-	53,865	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,449	1,348	-	-	-	-
Total receipts	2,449	1,348	53,865	-	88,488	6,835
Disbursements:						
Personal services	-	-	17,726	-	-	-
Supplies	-	1,296	498	-	-	-
Other services and charges	2,514	-	6,788	2,387	93,146	8,711
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	22,800	-	-	-
Total disbursements	2,514	1,296	47,812	2,387	93,146	8,711
Excess (deficiency) of receipts over disbursements	(65)	52	6,053	(2,387)	(4,658)	(1,876)
Cash and investments - ending	\$ 1,037	\$ 775	\$ 7,052	\$ 417	\$ 28,488	\$ 658

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2011
(Continued)

	Police Towing	MS4	Excess Welfare Distribution	Economic Development	Cumulative Capital Improvement	Cumulative Building and Fire Fighting Equipment
Cash and investments - beginning	\$ 13,246	\$ 4,180	\$ 819	\$ 12,928	\$ 25,102	\$ 2,554
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	5,924	-
Charges for services	5,733	45,218	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	325	-	300
Total receipts	5,733	45,218	-	325	5,924	300
Disbursements:						
Personal services	-	2,099	-	-	-	-
Supplies	-	13,500	-	3,850	-	395
Other services and charges	11,800	7,560	-	-	12,940	1,109
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	4,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	6,012	819	-	-	-
Total disbursements	11,800	29,171	819	7,850	12,940	1,504
Excess (deficiency) of receipts over disbursements	(6,067)	16,047	(819)	(7,525)	(7,016)	(1,204)
Cash and investments - ending	\$ 7,179	\$ 20,227	\$ -	\$ 5,403	\$ 18,086	\$ 1,350

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2011
(Continued)

	Local Major Moves Construction	Water Utility Operating	Water Utility Depreciation	Water Utility Customer Deposit	Water Utility Cash Reserve	Wastewater Utility Operating
Cash and investments - beginning	\$ 57	\$ 228,866	\$ 121,025	\$ 146,072	\$ 70,136	\$ 13,900
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,190,057	-	-	-	210,497
Other receipts	-	19,717	53,625	17,170	85,313	1,355
Total receipts	-	1,209,774	53,625	17,170	85,313	211,852
Disbursements:						
Personal services	-	324,318	-	-	-	6,652
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	627,527	-	-	-	124,942
Other disbursements	-	243,741	36,790	14,180	24,990	85,800
Total disbursements	-	1,195,586	36,790	14,180	24,990	217,394
Excess (deficiency) of receipts over disbursements	-	14,188	16,835	2,990	60,323	(5,542)
Cash and investments - ending	\$ 57	\$ 243,054	\$ 137,860	\$ 149,062	\$ 130,459	\$ 8,358

TOWN OF NEW CHICAGO
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2011
(Continued)

	Wastewater Utility Depreciation	Wastewater Utility Sinking	Park Deposits	Police Officers' Pension	Payroll	Totals
Cash and investments - beginning	\$ 87,078	\$ 119,947	\$ 1,315	\$ 14,884	\$ 4,851	\$ 1,026,801
Receipts:						
Taxes	-	-	-	-	-	469,761
Licenses and permits	-	-	-	-	-	11,795
Intergovernmental	-	-	-	-	-	149,274
Charges for services	-	-	-	-	-	182,443
Fines and forfeits	-	-	-	-	-	77,433
Utility fees	-	-	-	-	-	1,400,554
Other receipts	600	85,201	1,250	-	525,030	988,138
Total receipts	600	85,201	1,250	-	525,030	3,279,398
Disbursements:						
Personal services	-	-	-	-	-	600,685
Supplies	-	-	-	-	-	40,335
Other services and charges	-	-	-	-	-	328,987
Debt service - principal and interest	-	87,728	-	-	-	87,728
Capital outlay	-	-	-	-	-	41,967
Utility operating expenses	-	-	-	-	-	752,469
Other disbursements	46,824	35,000	1,175	-	526,465	1,269,804
Total disbursements	46,824	122,728	1,175	-	526,465	3,121,975
Excess (deficiency) of receipts over disbursements	(46,224)	(37,527)	75	-	(1,435)	157,423
Cash and investments - ending	\$ 40,854	\$ 82,420	\$ 1,390	\$ 14,884	\$ 3,416	\$ 1,184,224

TOWN OF NEW CHICAGO
SUPPLEMENTARY INFORMATION
SCHEDULE OF LEASES AND DEBT
December 31, 2011

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business Type Activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Refunding Revenue Bonds of 2003	\$ 515,000	\$ 87,295

TOWN OF NEW CHICAGO
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS OVER INVESTMENTS

Internal controls over the receipting, disbursing, recording, and accounting for investment transactions were insufficient. The Town did not maintain an investment register to properly account for the investment transactions and balances. In addition, investment transactions were not always recorded in the funds ledger.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (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 reconciliation did not balance. The differences between the depository balance and the record balance were not researched and corrected timely. The Town bank account was reconciled and found to exceed the fund balances by \$1,195 at December 31, 2010, and \$354 at December 31, 2011.

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."

TOWN OF NEW CHICAGO
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2015, with Lori L. Reno, Clerk-Treasurer, and Rebecca L. Williams, Deputy Clerk-Treasurer.



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January 29, 2015

From: Lori L. Reno, Clerk-Treasurer
Town of New Chicago

To: State Board of Accounts

RE: 2010-2011 "Official Response" to Audit Results and Comments

Internal Controls Over Investments

The Town will maintain an investment register to properly account for the investment transactions and balances and will ensure investment transactions are recorded in the funds ledger.

Bank Account Reconciliations

As in the past, The Town will reconcile the fund balances to the bank account balances timely and research the differences. Upon completion, the reconciliations will be reviewed by another staff member.

A handwritten signature in dark ink, appearing to read "Lori L. Reno".

Lori L. Reno, Clerk-Treasurer
Town of New Chicago