

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF NEW CASTLE

HENRY COUNTY, INDIANA

January 1, 2014 to December 31, 2016



FILED
12/08/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christy York	01-01-12 to 12-31-19
Mayor	Greg York	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Greg York	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Mark Koger	01-01-14 to 12-31-17
Superintendent of Water Utility	Melvin Watson Greg Phipps	01-01-14 to 05-31-15 06-01-15 to 12-31-17
Superintendent of Wastewater Utility	Steve Swoveland	01-01-14 to 12-31-17
Superintendent of Storm Water Utility	Steve Swoveland	01-01-14 to 12-31-17
Utility Office Manager	Janice Burns (Vacant) Mark Stacy	01-01-14 to 12-31-16 01-01-17 to 01-08-17 01-09-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the City of New Castle (City), for the period from January 1, 2014 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statements Examination Report of the City, which provides our opinion on the City's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

December 5, 2017

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CLERK-TREASURER
CITY OF NEW CASTLE

CLERK-TREASURER
CITY OF NEW CASTLE
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were performed; however, the reconciliations contained errors, adjustments that were not supported, and outstanding check lists that were not accurate. As of December 31, 2016, the financial records of the City had funds totaling \$1,328 more than the adjusted bank accounts.

A similar comment also appeared in prior Reports B38958, B42491, and B44614, entitled *BANK ACCOUNT RECONCILIATIONS*.

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."

OVERDRAWN CASH BALANCES

The City's financial statements included the following funds with overdrawn cash balances at December 31, 2016:

Fund	Amount Overdrawn
Health Ins. Cum.	\$ 2,704,996
City Center Non- Reverting	391
Skatepark Non- Reverting	1,133
Storm Water N/R (W/W)	17,084
LTCP Construction	21,300

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
CITY OF NEW CASTLE
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2017, with Christy York, Clerk-Treasurer; Greg York, Mayor; and Mark Koger, President Pro Tempore of the Common Council.