

Report of Independent Auditor

CITY OF NEW CASTLE
New Castle, Delaware

Years Ended June 30, 2014 and 2013



HAGGERTY & HAGGERTY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

CITY OF NEW CASTLE, DELAWARE

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CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

American Institute of CPA
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Report of Independent Auditor

To the Mayor and City Council
City of New Castle
New Castle, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of New Castle, Delaware as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the primary government financial statements of the City as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the primary government financial statements in accordance with the modified cash basis of accounting which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America; this includes the design, the implementation, and the maintenance of internal control relevant to the preparation and fair presentation of primary government financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the primary government financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the primary government financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the primary government financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the primary government financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the primary government financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of New Castle, Delaware, as of June 30, 2014 and 2013, and the respective changes in financial position for the years then ended in accordance with the modified cash basis of accounting which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accounting principles generally accepted in the United States of America in conformity with the modified cash basis of accounting require that the budgetary comparison information reflected on page 18 be presented to supplement the primary government financial statements. Such information, although not part of the primary government financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the primary government financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the primary government financial statements, and other knowledge we obtained during our audit of the primary government financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Management has omitted the management's discussion and analysis section that the modified cash basis of accounting requires to be presented to supplement the primary government financial statements. Such missing information, although not a part of the primary government financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the primary government financial statements in an appropriate operational, economic, or historical context. Our opinion on the primary government financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise the City of New Castle, Delaware's financial statements. The supplementary information reflected on pages 19 through 24 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the primary government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the primary government financial statements or to the primary government financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the primary government financial statements as a whole.

As discussed in Note 1, the City of New Castle, Delaware, prepares the primary government financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Restriction on Use

This report is intended solely for the information and use of management, Mayor and City Council, others within the City, the Office of the Governor, the Office of Controller General, Office of Attorney General, Office of Management and Budget, Secretary of Finance, Office of Auditor of Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public record and its distribution is not limited.

Haggerty & Haggerty, P.A.
Certified Public Accountants

March 18, 2015
Wilmington, Delaware

Basic Financial Statements Section

CITY OF NEW CASTLE, DELAWARE
 STATEMENTS OF NET POSITION-MODIFIED CASH BASIS
 As of June 30, 2014 and 2013

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and equivalents	\$ 1,613,782	\$ 1,467,464
Due from other governments	<u>4,382</u>	<u>200,954</u>
TOTAL ASSETS	<u>1,618,164</u>	<u>1,668,418</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other	13,078	20,894
Employee payroll withholdings	4,914	1,840
Unearned revenues	<u>44,683</u>	<u>38,181</u>
TOTAL LIABILITIES	<u>62,675</u>	<u>60,915</u>
NET POSITION		
Restricted for specific programs	182,125	336,681
Unrestricted	<u>1,373,364</u>	<u>1,270,822</u>
TOTAL NET POSITION	<u>\$ 1,555,489</u>	<u>\$ 1,607,503</u>

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
Year Ended June 30, 2014

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes In Net Position
					Primary Government Total
					Governmental Activities
GOVERNMENTAL ACTIVITIES					
General government:					
City Administration	\$ 610,754	\$...	\$...	\$...	\$ (610,754)
Mayor's Office	6,192	...	...	...	(6,192)
Board of Adjustments	2,798	...	...	...	(2,798)
Building maintenance	107,985	...	...	...	(107,985)
Insurance costs	406,550	...	...	...	(406,550)
Outside professional services	124,770	...	...	...	(124,770)
Public safety-police	2,107,301	111,829	146,770	...	(1,848,702)
Public safety-fire	500	...	...	...	(500)
Public services	1,116,553	265,757	...	...	(850,796)
Parks and recreation	121,907	1,743	42,577	...	(77,587)
Committees and commissions	17,243	...	...	...	(17,243)
Capital expenditures	359,358	...	...	106,048	(253,310)
Interest and principal on long-term debt	228,218	...	196,090	...	(32,128)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 5,210,129	\$ 379,329	\$ 385,437	\$ 106,048	(4,339,315)

GENERAL REVENUES

Property taxes levied for general purposes	3,310,047
Franchise taxes levied for general purposes	106,413
Investment earnings and rents	277,939
Proceeds from new financing	94,920
Proceeds from sale of capital assets	9,355
Miscellaneous revenues	20,218
Refund of prior year revenues	(31,591)
Component unit appropriations	500,000
Total general revenues	4,287,301

CHANGE IN NET POSITION

(52,014)

NET POSITION

Beginning of year	1,607,503
End of year	\$ 1,555,489

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
Year Ended June 30, 2013

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes In Net Position Primary Government Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
General government:					
City Administration	\$ 653,136	\$...	\$...	\$...	\$ (653,136)
Mayor's Office	55,675	...	...	...	(55,675)
Board of Adjustments	3,092	...	...	...	(3,092)
Building maintenance	105,180	...	...	...	(105,180)
Insurance costs	312,858	...	...	...	(312,858)
Outside professional services	114,405	...	...	...	(114,405)
Public safety-police	2,168,039	107,958	251,321	...	(1,808,760)
Public safety-fire	1,500	...	...	...	(1,500)
Public services	1,095,769	316,118	250	...	(779,401)
Parks and recreation	208,686	3,421	190,126	...	(15,139)
Committees and commissions	22,666	...	...	...	(22,666)
Capital expenditures	595,564	...	...	521,974	(73,590)
Interest and principal on long-term debt	274,804	...	218,714	...	(56,090)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 5,611,374	\$ 427,497	\$ 660,411	\$ 521,974	(4,001,492)
GENERAL REVENUES					
Property taxes levied for general purposes					3,247,185
Franchise taxes levied for general purposes					99,858
Investment earnings and rents					147,259
Proceeds from sale of capital assets					1,423
Miscellaneous revenues					32,436
Component unit appropriations					506,874
Total general revenues					4,035,035
CHANGE IN NET POSITION					33,543
NET POSITION					
Beginning of year					<u>1,573,960</u>
End of year					\$ 1,607,503

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
BALANCE SHEETS-MODIFIED CASH BASIS FOR GOVERNMENTAL FUNDS
As of June 30, 2014 and 2013

	As of June 30, 2014				As of June 30, 2013			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Total	General	Special Revenue	Capital Projects	Total
ASSETS								
ASSETS								
Cash and equivalents	\$1,245,284	\$ 240,447	\$ 128,051	\$1,613,782	\$1,090,984	\$ 248,827	\$ 127,653	\$1,467,464
Due from other governments	...	4,382	...	4,382	200,954	...	...	200,954
Interfund receivable (payable)	21,985	(21,985)	...	...	(126,035)	126,035	...	...
TOTAL ASSETS	\$1,267,269	\$ 222,844	\$ 128,051	\$1,618,164	\$1,165,903	\$ 374,862	\$ 127,653	\$1,668,418
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ 12,788	\$ 290	\$...	\$ 13,078	\$ 20,894	\$...	\$...	\$ 20,894
Employee payroll withholdings	4,914	...	...	4,914	1,840	...	...	1,840
Unearned revenues	4,254	40,429	...	44,683	...	38,181	...	38,181
Total liabilities	21,956	40,719	...	62,675	22,734	38,181	...	60,915
FUND BALANCES								
Restricted-Specific programs	...	182,125	...	182,125	...	336,681	...	336,681
Committed	188,534	...	128,051	316,585	190,035	...	127,653	317,688
Unassigned	1,056,779	...	...	1,056,779	953,134	...	...	953,134
Total fund balances	1,245,313	182,125	128,051	1,555,489	1,143,169	336,681	127,653	1,607,503
TOTAL LIABILITIES AND FUND BALANCES	\$1,267,269	\$ 222,844	\$ 128,051	\$1,618,164	\$1,165,903	\$ 374,862	\$ 127,653	\$1,668,418

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-MODIFIED CASH BASIS FOR GOVERNMENTAL FUNDS
 Years ended June 30, 2014 and 2013

	Year Ended June 30, 2014				Year Ended June 30, 2013			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Total	General	Special Revenue	Capital Projects	Total
REVENUES								
Taxes:								
Property taxes	\$3,052,949	\$...	\$...	\$3,052,949	\$3,053,226	\$...	\$...	\$3,053,226
Property transfer taxes	257,098	...	...	257,098	193,959	...	...	193,959
Cable franchise taxes	106,413	...	...	106,413	99,858	...	...	99,858
Licenses and permits	260,481	...	...	260,481	310,730	...	...	310,730
Intergovernmental revenues:								
Federal funding	...	10,023	...	10,023	210,254	139,458	...	349,712
State funding	...	285,372	...	285,372	...	430,200	...	430,200
Contribution revenue	...	...	...	...	...	1,575	...	1,575
Trustees of New Castle Common	...	196,090	...	196,090	...	400,898	...	400,898
Police fines and court fees	49,270	...	...	49,270	53,744	...	...	53,744
Charges for services	69,578	...	...	69,578	63,023	...	...	63,023
Interest and rents	277,390	151	398	277,939	146,164	499	596	147,259
Miscellaneous revenues	14,006	6,212	...	20,218	28,580	3,856	...	32,436
Total revenues	4,087,185	497,848	398	4,585,431	4,159,538	976,486	596	5,136,620
EXPENDITURES								
Current:								
General government:								
City Administration	610,754	...	...	610,754	653,136	...	...	653,136
Mayor's Office	6,192	...	...	6,192	55,675	...	...	55,675
Board of Adjustments	2,798	...	...	2,798	3,092	...	...	3,092
Building maintenance	107,985	...	...	107,985	105,180	...	...	105,180
Insurance costs	406,550	...	...	406,550	312,858	...	...	312,858
Outside professional services	124,770	...	...	124,770	114,405	...	...	114,405
Public safety-police	1,974,462	132,839	...	2,107,301	1,952,617	215,422	...	2,168,039
Public safety-fire	500	...	...	500	1,500	...	...	1,500
Public services	1,116,553	...	...	1,116,553	1,095,769	...	...	1,095,769
Parks and recreation	65,815	56,092	...	121,907	49,125	159,561	...	208,686
Committees and commissions	17,243	...	...	17,243	22,666	...	...	22,666
Capital outlay	128,671	230,687	...	359,358	273,157	322,407	...	595,564
Debt service:								
Principal	27,776	188,894	...	216,670	53,705	204,038	...	257,743
Interest and other fees	4,352	7,196	...	11,548	2,385	14,676	...	17,061
Total expenditures	4,594,421	615,708	...	5,210,129	4,695,270	916,104	...	5,611,374
EXCESS (DEFICIT) OF								
REVENUES OVER EXPENDITURES	(507,236)	(117,860)	398	(624,698)	(535,732)	60,382	596	(474,754)
OTHER FINANCING SOURCES (USES)								
Proceeds from new financing	94,920	...	...	94,920	...	...	...	...
Proceeds from sale of capital assets	9,355	...	...	9,355	1,423	...	...	1,423
Annual appropriation:								
Municipal Services Commission	500,000	...	...	500,000	506,874	...	...	506,874
Refund of prior year revenues	(31,289)	(302)	...	(31,591)	...	...	...	...
Operating transfers (out) in	36,394	(36,394)	...	...	64,897	(64,147)	(750)	...
Total other financing sources (uses)	609,380	(36,696)	...	572,684	573,194	(64,147)	(750)	508,297
NET CHANGE IN FUND BALANCES	102,144	(154,556)	398	(52,014)	37,462	(3,765)	(154)	33,543
FUND BALANCES								
Beginning of year	1,143,169	336,681	127,653	1,607,503	1,105,707	340,446	127,807	1,573,960
End of year	\$1,245,313	\$ 182,125	\$ 128,051	\$1,555,489	\$1,143,169	\$ 336,681	\$ 127,653	\$1,607,503

Accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of New Castle, Delaware, [the "City"] have been prepared in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, as applied to government units. Accordingly, as a general rule, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when they are incurred. The Governmental Accounting Standards Board [the "GASB"] is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

Reporting Entity

The City of New Castle, Delaware is a municipal corporation governed by a six member governing body consisting of the Mayor and President of Council who are elected at large and four district council representatives. In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, be includable in the City's primary government financial statements. According to the GASB, the City is financially accountable if it appoints a voting majority of an entity's governing board and [1] it can impose its will on the entity or [2] there is a potential for the entity to provide specific financial benefit to or impose a financial burden on the City. Additionally the statement requires the City to consider other entities for which the nature and significance of the relationship are such that exclusion would cause the reporting entity's primary government financial statements to be misleading or incomplete. There is only one component unit meeting the criteria: **Municipal Services Commission.**

Component Unit

The component unit is not included in the City's financial statements; however, the component unit issues separate audited financial statements, copies of which are available for review at the City's administrative offices. Municipal Services Commission was organized on March 11, 1921 for the purpose of accounting for the City's water and electric services.

Use of Estimates

Preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenditures during the reporting period. Accordingly, the actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to financial statements.

The government-wide financial statements consist of two statements: the statement of net position-modified cash basis and the statement of activities-modified cash basis. As a general rule, effects of interfund balances from government-wide financial statements have been removed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

Both government-wide financial statements distinguish functions of the City that are principally supported by the property tax assessments and intergovernmental revenues [governmental activities] from other functions that are intended to recover all or a significant portion of their costs through user fees and/or charges for services [business-type activities]. The City's primary government does not present business-type activities. The governmental activities of the City include the general government, public safety [police and fire], public services [streets and sanitation], parks and recreation, and other general administrative support services.

The statement of activities presented on the modified cash basis of accounting demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and the proprietary funds when present. The City presents only governmental funds, of which the major individual funds are reported as separate columns, in the fund financial statements.

Measurement Focus, Basis of Accounting, & Financial Statement Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *modified cash basis of accounting*. Generally, revenues are recorded when received and expenditures when paid.

The **governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified cash basis of accounting*. Under the modified cash basis of accounting, revenues are generally recognized when received and expenditures when paid. Grants and similar items are recognized as revenue as soon they are received.

Charges for services, property taxes, grants and similar items, and interest and rents associated with the period are recognized as revenues when received.

The City reports the following major governmental funds:

- The **general fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted in the special revenue fund.
- The **special revenue fund** accounts for resources and payments of activities derived from earmarked revenue sources. When such needs arise, separate self-balancing funds are established to account for each restricted special revenue source.
- The **capital projects fund** accounts for resources reserved for the construction of capital projects, the purchase of equipment and improvements or emergency goods and services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Accounting

The Council shall, on or before the first Monday in each July, meet and ascertain, as near as may be, the amount necessary to cover the net expenses of the government of the said City for the current fiscal year, including, but not limited to, the maintenance of streets, police assessment, collection of taxes and cost of trash collection; and shall make up a budget containing the items and estimated amounts necessary to cover each and every branch and item of said City government. And immediately after the assessment and valuation shall have been finally settled and adjusted under the provisions of the Act, the Council shall proceed to levy a tax on real property, thus valued and assessed, in just and equal portions and rates, sufficient to cover the aggregate of said budget. The unexpended budget items lapse at the end of the fiscal year.

The budget for the special revenue fund is approved on a program by program basis by funding agencies and not by the City government.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances as of the year end are reported as committed fund balance since they do not constitute expenditures but serve as authorization for expenditures in the subsequent fiscal year. At June 30, 2014 and 2013, the City has no encumbrances outstanding.

Cash and Equivalents

Demand deposits and highly liquid unrestricted investments with an initial maturity of three months or less are considered to be cash equivalents.

Due from Other Governments

Due from other governments represents reimbursements and grants from other governments.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable (payable)" or "advances from/to other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Committed Assets

Committed assets consist of Council-committed reserves to fund future accrued compensated absences liability, capital projects, or for emergency goods and services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Equity

In the government-wide financial statements, generally the net position is reported in three separate categories: net position invested in capital assets; restricted net position; and unrestricted net position. The net position invested in capital assets represents capital assets less accumulated depreciation less outstanding principal of the related debt, and does not include unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City [such as: creditors, grantors, contributors, laws, and regulations of other governments] and may include certain unspent grant awards. All other net position is considered unrestricted.

In the fund financial statements, the fund balances are required to be reported according to the following classifications:

- **Nonspendable fund balance**-Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The classification generally includes inventories, prepayments and other assets, and assets held for sale.
- **Restricted fund balance**-Constraints placed on the use of these amounts are either externally imposed by creditors [debt covenants], grantors, contributors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance**-Amounts that can only be used for specific purposes because of a formal action [resolution or ordinance] by the City's highest level of decision-making authority: City Council.
- **Assigned fund balance**-Amounts constrained by the City's intent to be used for specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by City Council, or by an official to whom that authority has been given. With the exception of the general fund, this is the residual fund balance classification for all governmental funds with positive fund balances.
- **Unassigned fund balance**-This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as a result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Evaluation of Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, the date on which the financial statements were available to be issued. Management has determined that no additional disclosures or adjustments are necessary.

CITY OF NEW CASTLE, DELAWARE
 NOTES TO FINANCIAL STATEMENTS

NOTE 2 - PROPERTY TAXES

Property taxes assessed within the City limits for fiscal year 2014 are \$1.20 per \$100 of assessed valuation and for fiscal year 2013 are \$1.20 per \$100 of assessed valuation as levied by City Council resolution. The City bills and collects its own property taxes. Delinquent property taxes are lienied by the City. The schedule of property taxes levied follows:

July 1 - Levy Date
 July 1-August 31 - 2% Discount Period
 September 1-September 30 - Face Payment Period
 October 1- - 6% Penalty plus 1% delinquency fee for each month

NOTE 3 - CASH AND EQUIVALENTS

The City's policy is to invest deposits under its control principally in money market accounts with FDIC insured financial institutions. The City's cash and equivalents are categorized to give an indication of the level of assumed risk. The categories of risk are described below:

Category 1- Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2- Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3- Uncollateralized and uninsured deposits.

Deposits categorized by level of risk as of June 30 are as follows:

Category	As of June 30, 2014		As of June 30, 2013	
	Books	Banks	Books	Banks
1	\$ 946,336	\$ 999,413	\$ 875,360	\$ 998,597
2				
3	667,446	667,446	592,104	592,104
Total deposits of the primary government	<u>\$1,613,782</u>	<u>\$1,666,859</u>	<u>\$1,467,464</u>	<u>\$1,590,701</u>

At June 30, 2014 and 2013, cash and equivalents [deposits] are held by certain financial institutions, which are insured with the Federal Deposit Insurance Corporation [FDIC]. Deposits totaling \$1,666,859 and \$1,590,701 held by these financial institutions are in excess of FDIC insurance limits in the amount of \$667,446 and \$592,104. Category 3 deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank or other failure, the deposits may not be returned to the City.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables from other governments represent revenues earned by the City. At June 30, intergovernmental receivables are as follows:

Description	2014	2013
American Lung Association-Tobacco prevention Passed through the State of Delaware:	\$ 4,382	\$...
DNREC, Delaware Energy Office	...	\$ 50,000
Delaware Emergency Management Agency [DEMA]	...	150,954
Total intergovernmental receivables	<u>\$ 4,382</u>	<u>\$ 200,954</u>

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT OBLIGATION

The following schedule summarizes the annual changes in long-term debt:

Description	As of and for the Year Ended June 30, 2014				
	Beginning Balances	Additions	Deletions	Ending Balances	
				Long-term Portion	Due Within One Year
Federal stimulus loan	\$ 430,372	\$...	\$ 188,894	\$ 48,779	\$ 192,699
Note payable-2012 truck	56,495	...	27,776	...	28,719
Accrued employee benefits	472,606	30,015	...	502,621	...
Total debt obligation	\$ 959,473	\$ 30,015	\$ 216,670	\$ 551,400	\$ 221,418

Federal Stimulus Loan

In February 2010, the Mayor and Council committed the City to complete three stormwater projects for a total cost of \$1,710,627. To fund these projects named the "Green Project Reserve" [GPR], the City borrowed \$1,322,500 under the American Recovery and Reinvestment Act [ARRA]. Half of the stimulus loan amount was forgiven while the other half is to be repaid in quarterly installments of \$49,022.49 [principal and interest] starting June 30, 2012 [first payment was made on August 17, 2012] by the City over a term of five years at a 2.00% rate of interest. On July 17, 2013, the Federal Stimulus Loan [loan] was modified to reflect the ARRA funding source to that of the Delaware Water Pollution Control Revolving Fund's base loan program. The remaining cost of the project amounting to \$388,127 was funded with local financial sources. The City entered into an agreement with New Castle Conservation District [the "District"] to manage and administer the GPR projects. The District is a political subdivision of the State of Delaware and is under the oversight of the Delaware Department of Natural Resources and Environmental Control [DNREC]. At June 30, 2014 and 2013, the outstanding loan balance is \$241,478 and \$430,372, respectively. Total interest paid on the loan is \$7,196 and \$14,676 for the years ended June 30, 2014 and 2013, respectively. At June 30, 2014, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2015	\$ 192,699	\$ 3,391	\$ 196,090
2016	48,779	244	49,023
Total required payments	\$ 241,478	\$ 3,635	\$ 245,113

Note Payable-2012 Truck

On March 11, 2011, the City entered into a lease-purchase agreement to purchase a new 2012 International Garbage Truck with TCF Equipment Finance, Inc. The lease-purchase agreement calls for five equal annual installments of \$29,692.42 [principal and interest] with the first payment due at signing, and carries an annual interest rate of 3.34%. When the final payment is made, the City has the option to purchase the truck for \$1. At June 30, 2014, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2015	\$ 28,719	\$ 973	\$ 29,692
Total required payments	\$ 28,719	\$ 973	\$ 29,692

NOTE 5 - LONG-TERM DEBT OBLIGATION (continued)

Accrued Employee Benefits

On July 12, 2005, the City passed Resolution No. 2005-15 to establish an escrow account to fund accrued employee benefits. In accordance with the resolution, City employees can sell back sick and vacation time to collect these amounts upon separation of employment from the City. The balance of the accrued employee benefits at June 30, 2014 and 2013 is \$502,621 and \$472,606, respectively. To fund the accrued employee benefits liability, the City established a separate bank account whose balance at June 30, 2014 and 2013 is \$188,534 and \$190,035, respectively.

Future maturities of principal and interest payments are as follows:

<u>Years Ending June 30</u>	<u>Stimulus Loan</u>		<u>Note Payable</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
<u>Governmental activities:</u>					
2015	\$ 192,699	\$ 3,391	\$ 28,719	\$ 973	\$ 225,782
2016	48,779	244	...	...	49,023
Totals	\$ 241,478	\$ 3,635	\$ 28,719	\$ 973	\$ 274,805

NOTE 6 - LEASE-PURCHASE AGREEMENT

On April 7, 2003, the City entered into a ten-year land lease agreement with the Trustees of the New Castle Common [the "Trustees"] for the property located at One Municipal Boulevard, New Castle, Delaware. The annual rental revenue due from the Trustees is \$100,000 paid in monthly installments of \$8,333. The lease terminated during the fiscal year.

Concurrently, the City agreed to lease [for a ten year period] the police station at the same location for \$200,000 per year, payable in monthly installments of \$16,667 beginning March 1, 2004. At the end of the lease, the Trustees will deed the building to the City. The lease terminated during the fiscal year.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Municipal Services Commission [MSC], a component unit of the City of New Castle, appropriated \$500,000 and \$506,874 to the Mayor and Council of New Castle for the years ended June 30, 2014 and 2013, respectively. In addition, MSC provided, at no cost to the City, electric service and water service for municipal buildings, valued at \$105,712 and \$89,414 for the years ended June 30, 2014 and 2013, respectively.

NOTE 8 - PENSION PLANS

On July 1, 1995, the City's pension plans were joined with the plans administered by the Board of Pension Trustees of the State of Delaware. The following is a summary of each of the City's plans:

Delaware County and Municipal Police/Firefighter Pension Plan - Covered employees may retire upon completion of 20 years of service, upon attaining 62 years of age, and 10 years of service or after 10 years of service when age plus service equals 75. The pension amount is equal to 2.50% of the member's final average salary for each year of service, subject to a maximum pension of 62.50% of final average salary. Combined pension benefits and age 62 Social Security benefits may not exceed 75% of final average salary for employees with 25 years of service, prorated for service less than 25 years.

The Plan also contains disability and dependent pension provisions. If a member terminates employment after 10 years of service, he or she is entitled to a benefit, payable at age 62, based on service and salary at the time of termination. If the member has less than 10 years of service at termination, he or she is entitled to a refund of the accumulated contributions with interest. Member contributions to the fund are 7% of monthly compensation.

Delaware County and Municipal Pension Plan - Covered employees may retire at age 62 with 5 consecutive years credited service, at age 60 with 15 years credited service or any age with 30 years credited service. The pension amount is equal to 1.67% of final average compensation for each year of credited service. The benefit payable beginning at age 62, or at retirement if later, may not exceed 75% of final average compensation minus age 62 Social Security benefits for employees with 30 or more years of credited service, prorated for employees with less than 30 years service. For employees age 55 with 15 years credited service, a benefit is calculated in the same manner as service retirement, reduced by 0.40% for each month the employee is under age 60 at time of retirement.

The Plan also contains disability and survivor pension provisions. Employee contributions are 3.00% of compensation which exceeds \$6,000 per calendar year, plus an additional 2.00% of monthly compensation which exceeds one-twelfth of the annual Social Security wage base.

The City's contribution for each fiscal year is calculated by the State Pension Office on the percentage of covered payroll approved on the basis of the most recent actuarial valuation, and shall equal:

- The normal cost; plus
- Adjustments for actuarial gains and losses or increases in benefits adopted on or subsequent to participation; plus
- Administrative costs as determined in 62 Del. Laws, C. 398.

Pension Contributions

The City's contributions to the above described plans totaled \$232,808 and \$254,773 for the years ended June 30, 2014 and 2013, respectively.

NOTE 9 - LEASING ARRANGEMENTS AS LESSEE

The City leases the following office equipment under operating leasing arrangements expiring at various dates listed below. Total rental costs for the years ended June 30, 2014 and 2013 are \$8,997 and \$8,429, respectively.

Description	Monthly Rentals	Expiration Date
Cannon Model 15-3230 Copier System	\$ 189.56	June, 2016
Cannon Model IRC 3480 Copier System	277.49	June, 2016
Ricoh Copier System	282.72	July, 2014

At June 30, 2014, the minimum future rental payments under non-cancelable operating leasing arrangements having remaining terms in excess of one year in the aggregate are as follows:

Years Ending June 30	Amount
2015	\$ 5,887
2016	<u>5,605</u>
Total minimum future rental payments required	<u>\$ 11,492</u>

NOTE 10 - LEASING ARRANGEMENTS AS LESSOR

The City is the lessor of certain property under non-cancelable operating leasing arrangements expiring at various dates. The following schedule summarizes the property held for lease at June 30, 2014:

Property Under Lease	Purpose of Rental	Cost Basis
Certain real property	Land Lease	\$...
Air rights to certain real property	Mobile Antennae	...

At June 30, 2014, minimum future rental revenues under non-cancelable leasing arrangements having remaining terms in excess of one year in the aggregate are as follows:

Years Ending June 30	Land Lease	Air Rights
2015	\$...	\$ 47,089
2016	...	48,358
2017	...	49,665
2018	<u>...</u>	<u>51,011</u>
Total minimum future rental revenues	<u>\$...</u>	<u>\$ 196,123</u>

Certain leasing arrangements are generally based on a percentage of lessee collections and as such rental revenue is estimated based on currently available information for future years. The rental revenue received for the years ended June 30, 2014 and 2013 is \$274,947 [includes a one-time payment of \$129,437] and \$144,663, respectively.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The City does not anticipate any losses as a result of these transactions.

Collective Bargaining Agreements

The City is operating under a collective bargaining agreement with the Wilmington Fraternal Order of Police, Lodge No. 1. The employment contract covers all uniformed police officers for the period July 1, 2011 to June 30, 2014. Under the collective bargaining agreement, a 403(b) tax advantaged retirement savings plan is available to all uniformed police officers.

The City is also operating under a three-year agreement with Council 81 AFSCME AFL-CIO for its nonsupervisory employees in Public Works, Building and Administration Departments. This contract extends for the periods July 1, 2012 to June 30, 2015. Under the collective bargaining agreement, a 403(b) tax advantaged retirement savings plan is available to all non-uniformed, nonsupervisory employees.

Government Grant/Award Programs

The City participates in a number of state assisted grant awards. These grant awards are subject to grant compliance audits by the grantors or their representatives. Accordingly, the City's compliance with the applicable grant requirements will be established at some future date. The amount of expenditures not already disclosed, which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial to the primary government financial statements.

Government Awards Subject to OMB A-133

The City participates in certain federal awards subject to the audit requirements of OMB Circular A-133. No compliance audit of the federal grant awards was required as of and for the years presented. The financial audits revealed no significant findings or questioned costs; however, costs could be potentially disallowed by the federal agencies providing such funding. The actual disallowed amount cannot be determined at this time; however, the City expects such amounts, if any, to be immaterial to the primary government financial statements.

Litigation

In the course of business, the City may become involved in litigation; any losses from such litigation are generally covered by insurance. At June 30, 2014, the City is involved in certain disputes which the City solicitor anticipates will not result in significant financial liability to the City.

Required Supplemental Information [RSI] Section

CITY OF NEW CASTLE, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
BUDGET AND ACTUAL-GENERAL FUND
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property taxes	\$ 3,020,000	\$ 3,020,000	\$ 3,052,949	\$ 32,949
Property transfer taxes	244,000	244,000	257,098	13,098
Cable franchise taxes	80,000	80,000	106,413	26,413
Licenses and permits	287,000	287,000	260,481	(26,519)
Police fines and court fees	50,000	50,000	49,270	(730)
Charges for services	54,500	54,500	69,578	15,078
Interest and rents	113,166	113,166	277,390	164,224
Miscellaneous revenues	5,000	5,000	14,006	9,006
Total revenues	3,853,666	3,853,666	4,087,185	233,519
EXPENDITURES				
Current:				
General government:				
City Administration	665,872	665,872	610,754	55,118
Mayor's Office	4,276	4,276	6,192	(1,916)
Board of Adjustments	8,000	8,000	2,798	5,202
Building maintenance	138,700	138,700	107,985	30,715
Insurance costs	310,000	310,000	406,550	(96,550)
Outside professional services	90,750	90,750	124,770	(34,020)
Public safety-police	2,066,047	2,066,047	1,974,462	91,585
Public safety-fire	...	...	500	(500)
Public services	1,173,605	1,173,605	1,116,553	57,052
Parks and recreation	68,550	68,550	65,815	2,735
Committees and commissions	20,140	20,140	17,243	2,897
Capital outlay	47,500	47,500	128,671	(81,171)
Debt service	...	...	32,128	(32,128)
Total expenditures	4,593,440	4,593,440	4,594,421	(981)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	(739,774)	(739,774)	(507,236)	232,538
OTHER FINANCING SOURCES (USES)				
Proceeds from new financing	...	...	94,920	94,920
Proceeds from sale of capital assets	...	...	9,355	9,355
Annual appropriation:				
Municipal Services Commission	500,000	500,000	500,000	...
Refund of prior year revenues	...	...	(31,289)	(31,289)
Operating transfers (out) in	239,774	239,774	36,394	(203,380)
Total other financing sources (uses)	739,774	739,774	609,380	(130,394)
NET CHANGE IN FUND BALANCE				
	...	...	102,144	102,144
FUND BALANCES				
Beginning of year	...	...	1,143,169	1,143,169
End of year	\$...	\$...	\$ 1,245,313	\$ 1,245,313

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City annually adopts a budget for the general fund. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified cash basis of accounting. Accordingly, the accompanying budgetary comparison schedule for the general fund presents actual expenditures in accordance with the modified cash basis consistent with the legally adopted budget as amended. The unexpended appropriations on the annual budgets lapse at the end of each fiscal year.

Material Violations

There are no material violations of the annual appropriated budget for the year presented.

Interest and rents revenue increased due to one-time payment of \$129,437 as a result of a vendor's internal audit results. Also, capital outlay significantly exceeded the budgeted amount as a result of unbudgeted financing for the purchase of certain vehicles.

See Report of Independent Auditor

Supplementary Information Section

CITY OF NEW CASTLE, DELAWARE

COMBINING BALANCE SHEET-MODIFIED CASH BASIS FOR SPECIAL REVENUE FUNDS

As of June 30, 2014 with Comparative Totals for 2013

	Special Revenue Funds							Total Special Revenue	
	Federal Funding	State Funding	Separation Day Fund	Tree Commission Fund	Park Donor Program Fund	Trustees New Castle Common	2014	2013	
ASSETS	[See Pg 20]	[See Pg 21]							
ASSETS									
Cash and equivalents	\$...	\$ 226,920	\$ 4,467	\$...	\$ 9,060	\$...	\$ 240,447	\$ 248,827	
Due from other governments	4,382	...	...	...	...	...	4,382	...
Interfund receivable (payable)	(4,382)	(16,550)	917	...	(1,970)	...	(21,985)	126,035	
TOTAL ASSETS	<u>\$...</u>	<u>\$ 210,370</u>	<u>\$ 5,384</u>	<u>\$...</u>	<u>\$ 7,090</u>	<u>\$...</u>	<u>\$ 222,844</u>	<u>\$ 374,862</u>	
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable and other	\$...	\$...	\$ 290	\$...	\$...	\$...	\$ 290	\$...	
Employee payroll withholdings	...	...	...	...	...	...	...	...
Unearned revenues	...	40,429	...	...	...	...	40,429	38,181
Total liabilities	<u>...</u>	<u>40,429</u>	<u>290</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>40,719</u>	<u>38,181</u>	
FUND BALANCES									
Restricted-Specific programs	...	169,941	5,094	...	7,090	...	182,125	336,681	
Unassigned	...	...	...	...	...	...	...	...
Total fund balances	<u>...</u>	<u>169,941</u>	<u>5,094</u>	<u>...</u>	<u>7,090</u>	<u>...</u>	<u>182,125</u>	<u>336,681</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$...</u>	<u>\$ 210,370</u>	<u>\$ 5,384</u>	<u>\$...</u>	<u>\$ 7,090</u>	<u>\$...</u>	<u>\$ 222,844</u>	<u>\$ 374,862</u>	

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

COMBINING BALANCE SHEET-MODIFIED CASH BASIS FOR SPECIAL REVENUE FUNDS

As of June 30, 2014 with Comparative Totals for 2013

	Federal Funding							Total Federal Funding	
	Police Stimulus Grant	Criminal Justice Council	Office of Highway	Tobacco Prevention	Homeland Security	Energy Grant	Delaware Preservation Fund	2014	2013
ASSETS									
ASSETS									
Cash and equivalents	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Due from other governments	4,382	...	...	...	4,382	...
Interfund receivable (payable)	(4,382)	...	...	...	(4,382)	...
TOTAL ASSETS	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable and other	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Employee payroll withholdings
Unearned revenues
Total liabilities	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
FUND BALANCES									
Restricted-Specific programs
Unassigned
Total fund balances	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

COMBINING BALANCE SHEET-MODIFIED CASH BASIS FOR SPECIAL REVENUE FUNDS

As of June 30, 2014 with Comparative Totals for 2013

	State Funding							Total State Funding	
	Municipal Street Aid	Police Pension	SALLE	EIDE	DNREC Grant	Other Grants	Gateway Project	2014	2013
ASSETS									
ASSETS									
Cash and equivalents	\$ 119,440	\$ 30,613	\$ 3,659	\$ 3,609	\$ 23,294	\$ 11,943	\$ 34,362	\$ 226,920	\$ 231,840
Interfund receivable (payable)	(14,197)	...	(1,672)	350	...	(754)	(277)	(16,550)	128,164
TOTAL ASSETS	<u>\$ 105,243</u>	<u>\$ 30,613</u>	<u>\$ 1,987</u>	<u>\$ 3,959</u>	<u>\$ 23,294</u>	<u>\$ 11,189</u>	<u>\$ 34,085</u>	<u>\$ 210,370</u>	<u>\$ 360,004</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable and other	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Employee payroll withholdings	...	...	...	...	...	...	...	...	...
Unearned revenues	...	...	1,987	3,959	23,294	11,189	...	40,429	38,181
Total liabilities	<u>...</u>	<u>...</u>	<u>1,987</u>	<u>3,959</u>	<u>23,294</u>	<u>11,189</u>	<u>...</u>	<u>40,429</u>	<u>38,181</u>
FUND BALANCES									
Restricted-Specific programs	105,243	30,613	...	...	...	...	34,085	169,941	321,823
Unassigned	...	...	...	...	...	...	...	...	...
Total fund balances	<u>105,243</u>	<u>30,613</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>34,085</u>	<u>169,941</u>	<u>321,823</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 105,243</u>	<u>\$ 30,613</u>	<u>\$ 1,987</u>	<u>\$ 3,959</u>	<u>\$ 23,294</u>	<u>\$ 11,189</u>	<u>\$ 34,085</u>	<u>\$ 210,370</u>	<u>\$ 360,004</u>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-MODIFIED CASH BASIS FOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2014 with Comparative Totals for 2013

	Special Revenue Funds						Total Special Revenue	
	Federal Funding <i>[See Pg 23]</i>	State Funding <i>[See Pg 24]</i>	Separation Day Fund	Tree Commission Fund	Park Donor Program Fund	Trustees New Castle Common	2014	2013
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ 10,023	\$...	\$...	\$...	\$...	\$...	\$ 10,023	\$ 139,458
State funding	...	252,372	33,000	...	...	...	285,372	430,200
Contribution revenue	...	...	...	...	...	...	...	1,575
Trustees of New Castle Common	...	...	...	...	...	196,090	196,090	400,898
Interest revenue	...	114	28	...	9	...	151	499
Miscellaneous revenue	...	...	6,212	...	...	...	6,212	3,856
Total revenues	10,023	252,486	39,240	...	9	196,090	497,848	976,486
EXPENDITURES								
Current:								
General government	...	...	...	...	...	...	...	...
Public safety-police	4,375	117,041	...	...	...	11,423	132,839	215,422
Public safety-fire	...	...	...	...	...	...	...	...
Public services	...	...	...	...	...	...	...	...
Parks and recreation	4,577	11,393	40,122	...	...	...	56,092	159,561
Capital outlay:								
General government	...	...	...	...	...	...	...	...
Public safety-police	...	...	...	...	...	...	...	29,898
Public services	...	128,981	...	...	...	...	128,981	292,509
Parks and recreation	...	101,706	...	...	...	...	101,706	...
Debt service:								
Principal	...	...	...	...	...	188,894	188,894	204,038
Interest and other fees	...	...	...	...	...	7,196	7,196	14,676
Total expenditures	8,952	359,121	40,122	...	...	207,513	615,708	916,104
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,071	(106,635)	(882)	...	9	(11,423)	(117,860)	60,382
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	...	(302)	...	...	...	...	(302)	...
Operating transfers in (out)	(1,071)	(44,945)	...	(1,801)	...	11,423	(36,394)	(64,147)
Total other financing sources (uses)	(1,071)	(45,247)	...	(1,801)	...	11,423	(36,696)	(64,147)
NET CHANGE IN FUND BALANCES	...	(151,882)	(882)	(1,801)	9	...	(154,556)	(3,765)
FUND BALANCES								
Beginning of year	...	321,823	5,976	1,801	7,081	...	336,681	340,446
End of year	\$...	\$ 169,941	\$ 5,094	\$...	\$ 7,090	\$...	\$ 182,125	\$ 336,681

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-MODIFIED CASH BASIS FOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2014 with Comparative Totals for 2013

	Federal Funding							Total Federal Funding	
	Police Stimulus Grant	Criminal Justice Council	Office of Highway	Tobacco Prevention	Homeland Security	Energy Grant	Delaware Preservation Fund	2014	2013
REVENUES									
Intergovernmental revenues:									
Federal funding	\$...	\$...	\$ 3,940	\$ 4,577	\$ 1,506	\$...	\$...	\$ 10,023	\$ 139,458
State funding
Contribution revenue
Trustees of New Castle Common
Interest revenue
Miscellaneous revenue
Total revenues	3,940	4,577	1,506	...	...	10,023	139,458
EXPENDITURES									
Current:									
General government
Public safety-police	4,375	...	...	...	...	4,375	48,823
Public safety-fire
Public services
Parks and recreation	4,577	...	...	...	4,577	3,506
Capital outlay:									
General government
Public safety-police
Public services
Parks and recreation
Debt service:									
Principal
Interest and other fees
Total expenditures	4,375	4,577	...	...	...	8,952	52,329
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(435)	...	1,506	...	...	1,071	87,129
OTHER FINANCING SOURCES (USES)									
Refund of prior year revenues
Operating transfers in (out)	435	...	(1,506)	...	...	(1,071)	(42,675)
Total other financing sources (uses)	435	...	(1,506)	...	...	(1,071)	(42,675)
NET CHANGE IN FUND BALANCES	44,454
FUND BALANCES									
Beginning of year	(44,454)
End of year	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-MODIFIED CASH BASIS FOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2014 with Comparative Totals for 2013

	State Funding								Total State Funding	
	Municipal	Police	SALLE	EIDE	DNREC	Other	Gateway	Total	Total	
	Street Aid	Pension								2014	2013
REVENUES										
Intergovernmental revenues:										
Federal funding	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
State funding	106,048	112,364	6,157	5,808	...	21,995	...	252,372	397,200	...
Contribution revenue	...	...	...	...	...	...	...	...	...	...
Trustees of New Castle Common	...	...	...	...	...	...	...	...	...	...
Interest revenue	101	13	...	...	...	...	...	114	463	...
Miscellaneous revenue	...	...	...	...	...	...	...	...	...	...
Total revenues	106,149	112,377	6,157	5,808	...	21,995	...	252,486	397,663	
EXPENDITURES										
Current:										
General government	...	...	...	...	...	...	...	...	...	...
Public safety-police	...	85,667	6,157	5,808	...	19,409	...	117,041	157,963	...
Public safety-fire	...	...	...	...	...	...	...	...	...	...
Public services	...	...	...	...	...	...	...	...	...	...
Parks and recreation	...	...	...	...	...	5,000	6,393	11,393	...	...
Capital outlay:										
General government	...	...	...	...	...	...	...	...	...	...
Public safety-police	...	...	...	...	...	...	...	...	...	...
Public services	128,981	...	...	...	...	...	...	128,981	292,509	...
Parks and recreation	...	...	...	...	101,706	...	...	101,706	...	...
Debt service:										
Principal	...	...	...	...	...	...	...	...	...	...
Interest and other fees	...	...	...	...	...	...	...	...	...	...
Total expenditures	128,981	85,667	6,157	5,808	101,706	24,409	6,393	359,121	450,472	
EXCESS REVENUES OVER										
(UNDER) EXPENDITURES	(22,832)	26,710	...	...	(101,706)	(2,414)	(6,393)	(106,635)	(52,809)	
OTHER FINANCING SOURCES (USES)										
Refund of prior year revenues	...	...	...	...	...	(302)	...	(302)	...	...
Operating transfers in (out)	...	...	(1,906)	(4,495)	(23,294)	(15,250)	...	(44,945)	758	...
Total other financing	...	...	(1,906)	(4,495)	(23,294)	(15,552)	...	(45,247)	758	
sources (uses)	...	...	(1,906)	(4,495)	(23,294)	(15,552)	...	(45,247)	758	
NET CHANGE IN FUND BALANCES	(22,832)	26,710	(1,906)	(4,495)	(125,000)	(17,966)	(6,393)	(151,882)	(52,051)	
FUND BALANCES										
Beginning of year	128,075	3,903	1,906	4,495	125,000	17,966	40,478	321,823	373,874	
End of year	\$ 105,243	\$ 30,613	\$...	\$...	\$...	\$...	\$ 34,085	\$ 169,941	\$ 321,823	

See Report of Independent Auditor