

**CITY OF NEW CASTLE, KENTUCKY  
2022 AUDIT NOTICE OF AVAILABILITY**

A copy of the complete 2022 City of New Castle Audit Report, including financial statements and supplemental information is available for viewing, during normal hours, at the office of the City Clerk.

Any citizen may obtain from the NC City Clerk a copy of the complete report, including financial statements and supplemental information, for his personal use. Citizens requesting a personal copy of the City's audit report will be charged for duplication costs at a rate not to exceed twenty-five cents (\$0.25) per page. Copies of the financial statement prepared in accordance with KRS 424.200 are available to the public at no cost at the Office of the City Clerk, 31 E. Cross Main Street, New Castle, Kentucky during normal business hours.

# RAISOR, ZAPP & WOODS, PSC

## Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

The Honorable Tony Kurtz, Mayor  
And Members of the City Commission  
Of the City of New Castle, Kentucky  
New Castle, Kentucky 40050

#### Report on the Audit of the Financial Statements

##### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of New Castle, Kentucky as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of New Castle, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Castle, Kentucky, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of New Castle, Kentucky and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of New Castle, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

##### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

The Honorable Tony Kurtz, Mayor  
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- Obtain an understanding of internal control relevant to the audit 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 of New Castle, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of New Castle, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the Table of Contents on pages 54 through 59, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Castle, Kentucky's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information listed in the table of contents is fairly stated, in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2022, on our consideration of the City of New Castle, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of New Castle, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of New Castle, Kentucky's internal control over financial reporting and compliance.

*Raisor, Zapp & Woods, PSC*

RAISOR, ZAPP & WOODS, PSC  
Certified Public Accountants  
Carrollton, Kentucky

September 2, 2022

Raisor, Zapp & Woods, P.S.C.  
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF NEW CASTLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
For the Year Ended June 30, 2022

	<u>Water/Sewer Utilities Enterprise Fund</u>
<b><u>OPERATING REVENUES</u></b>	
Water Sales	\$ 252,493
Sewer Services	241,795
Miscellaneous	<u>6,090</u>
Total Operating Revenues	<u>\$ 500,378</u>
<b><u>OPERATING EXPENSES</u></b>	
Salaries and Wages	\$ 102,440
Water and Sewer Supplies	35,570
Utilities	23,516
Payroll Taxes	7,895
Retirement Benefits	45,839
OPEB Benefits	13,895
Vehicle Expenses	5,414
Postage and Office Supplies	3,216
Insurance	57,768
General & Admin. Expenses	22,867
Depreciation	99,371
Miscellaneous	550
Water Purchases	60,984
Repairs and Maintenance	<u>30,861</u>
Total Operating Expenses	<u>\$ 510,186</u>
Operating Income (Loss)	<u>\$ (9,808)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest Revenue	\$ 1,117
Interest Expense	(22,855)
Gain (Loss) from Disposition of Assets	<u>(9,960)</u>
Total Non-Operating Revenues (Expenses):	<u>\$ (31,698)</u>
<b>Income (Loss) Before Transfers</b>	<b>\$ (41,506)</b>
Transfers In(Out)	<u>24,196</u>
Change in Net Position	\$ (17,310)
Net Position - July 1	<u>2,355,191</u>
Net Position - June 30	<u><u>\$ 2,337,881</u></u>

**CITY OF NEW CASTLE, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Property Taxes	\$ 72,000	\$ 82,000	\$ 88,008	\$ 6,008
Franchise Taxes	45,000	45,000	60,894	15,894
Insurance Taxes	133,000	144,000	156,300	12,300
Charges for Services	83,000	85,000	88,314	3,314
Interest Revenue	60	70	157	87
Fire Department	47,100	36,000	39,241	3,241
Miscellaneous Revenues	8,400	15,018	8,152	(6,866)
Proceeds from Outside Sources:				
State Fire Aid	11,000	-	10,000	10,000
KY Public Safety Program	-	4,100	4,437	337
CARES Act Coronavirus Relief Fund	-	-	14,321	14,321
American Rescue Plan Act Fund	86,000	121,944	247,412	125,468
<b>Total Revenues</b>	<b>\$ 485,560</b>	<b>\$ 533,132</b>	<b>\$ 717,236</b>	<b>\$ 184,104</b>
<b><u>EXPENDITURES</u></b>				
Current				
General Government	\$ 188,962	\$ 207,012	\$ 187,215	\$ 19,797
Public Safety				
Police Department	51,000	43,000	42,129	871
Fire Department	62,789	45,389	39,741	5,648
Public Services	83,000	83,000	84,082	(1,082)
Highways & Streets	52,000	56,000	68,285	(12,285)
Capital Outlay	20,000	-	13,525	(13,525)
Debt Service				
Principal	15,000	15,000	15,000	-
Interest and Other Charges	3,211	3,211	2,000	1,211
<b>Total Expenditures</b>	<b>\$ 475,962</b>	<b>\$ 452,612</b>	<b>\$ 451,977</b>	<b>\$ 635</b>
Excess Revenues Over (Under) Expenditures	\$ 9,598	\$ 80,520	\$ 265,259	\$ 184,739
Other Financing Sources (uses)				
Transfers In (Out)	\$ (86,000)	\$ (51,862)	\$ (24,196)	\$ 27,666
<b>Total Other Financing Services (Uses)</b>	<b>\$ (86,000)</b>	<b>\$ 51,862</b>	<b>\$ (24,196)</b>	<b>\$ 27,666</b>
Net Change in Fund Balance	\$ (76,402)	\$ 28,658	\$ 241,063	\$ 212,405
Fund Balances - July 1	227,614	252,760	278,439	25,679
Fund Balances - June 30	<u>\$ 151,212</u>	<u>\$ 281,418</u>	<u>\$ 519,502</u>	<u>\$ 238,084</u>