

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

AUDIT REPORT

OF

TOWN OF NEWBURGH

WARRICK COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
07/17/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecca J. Gentry	01-01-04 to 12-31-11
President of the Town Council	William Kavanaugh	01-01-06 to 12-31-08
Superintendent of Wastewater Utility	Leon Key	01-01-06 to 12-31-08
Utility Office Manager	Donna Driskell Cynthia Burger (Interim) Shawn Mundy	01-01-06 to 07-26-06 07-27-06 to 10-08-06 10-09-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF NEWBURGH, WARRICK COUNTY, INDIANA

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 the Town of Newburgh (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated May 27, 2008, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 27, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF NEWBURGH, WARRICK COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newburgh (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 27, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 27, 2008

TOWN OF NEWBURGH
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				(Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 909,056	\$ 474,666	\$ 176,062	\$ 2,987,668	\$ 2,729,340	\$ -	\$ 2,729,340
Public safety	719,610	3,129	9,245	-	(707,236)	-	(707,236)
Highways and streets	255,765	-	181,736	-	(74,029)	-	(74,029)
Culture and recreation	311,077	11,205	-	334,457	34,585	-	34,585
Debt service	91,092	-	-	-	(91,092)	-	(91,092)
Capital outlay	4,269,876	-	-	-	(4,269,876)	-	(4,269,876)
Total governmental activities	<u>6,556,476</u>	<u>489,000</u>	<u>367,043</u>	<u>3,322,125</u>	<u>(2,378,308)</u>	<u>-</u>	<u>(2,378,308)</u>
Business-type activities:							
Wastewater	<u>7,447,356</u>	<u>4,881,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,565,811)</u>	<u>(2,565,811)</u>
Total primary government	<u>\$ 14,003,832</u>	<u>\$ 5,370,545</u>	<u>\$ 367,043</u>	<u>\$ 3,322,125</u>	<u>(2,378,308)</u>	<u>(2,565,811)</u>	<u>(4,944,119)</u>
General receipts:							
Property taxes					742,357	-	742,357
Other local sources					239,606	127,487	367,093
Unrestricted investment earnings					59,117	291,119	350,236
Transfers					460,000	(460,000)	-
Total general receipts and transfers					<u>1,501,080</u>	<u>(41,394)</u>	<u>1,459,686</u>
Change in net assets					(877,228)	(2,607,205)	(3,484,433)
Net assets - beginning					<u>2,685,911</u>	<u>7,157,573</u>	<u>9,843,484</u>
Net assets - ending					<u>\$ 1,808,683</u>	<u>\$ 4,550,368</u>	<u>\$ 6,359,051</u>
<u>Assets</u>							
Cash and investments					\$ 1,088,914	\$ 1,155,170	\$ 2,244,084
Restricted assets:							
Cash and investments					<u>719,769</u>	<u>3,395,198</u>	<u>4,114,967</u>
Total assets					<u>\$ 1,808,683</u>	<u>\$ 4,550,368</u>	<u>\$ 6,359,051</u>
<u>Net Assets</u>							
Restricted for:							
Culture and recreation					\$ 289,145	\$ -	\$ 289,145
Debt service					78,080	1,500,592	1,578,672
Other purposes					352,544	1,894,606	2,247,150
Unrestricted					<u>1,088,914</u>	<u>1,155,170</u>	<u>2,244,084</u>
Total net assets					<u>\$ 1,808,683</u>	<u>\$ 4,550,368</u>	<u>\$ 6,359,051</u>

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

TOWN OF NEWBURGH
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Master Lift Station	Rivertown Trail	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 518,538	\$ -	\$ -	\$ 223,818	\$ 742,356
Licenses and permits	11,595	-	-	1,615	13,210
Intergovernmental	157,723	-	117,410	209,321	484,454
Charges for services	426,456	-	-	11,413	437,869
Fines and forfeits	1,300	-	-	36,622	37,922
Other	718,331	2,987,668	217,047	40,391	3,963,437
Total receipts	1,833,943	2,987,668	334,457	523,180	5,679,248
Disbursements:					
General government	815,687	-	-	93,369	909,056
Public safety	647,840	-	-	71,770	719,610
Highways and streets	-	-	-	255,765	255,765
Culture and recreation	154,900	-	149,204	6,973	311,077
Debt service:					
Principal	-	-	-	80,000	80,000
Interest	-	-	-	11,092	11,092
Capital outlay:					
Sewers and lift station	-	4,269,876	-	-	4,269,876
Total disbursements	1,618,427	4,269,876	149,204	518,969	6,556,476
Excess (deficiency) of receipts over disbursements	215,516	(1,282,208)	185,253	4,211	(877,228)
Other financing sources (uses):					
Transfers in	31,604	-	200	69,794	101,598
Transfers out	(10,549)	-	-	(91,049)	(101,598)
Total other financing sources (uses)	21,055	-	200	(21,255)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	236,571	(1,282,208)	185,453	(17,044)	(877,228)
Cash and investment fund balance - beginning	852,343	1,283,823	53,082	496,663	2,685,911
Cash and investment fund balance - ending	<u>\$ 1,088,914</u>	<u>\$ 1,615</u>	<u>\$ 238,535</u>	<u>\$ 479,619</u>	<u>\$ 1,808,683</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 1,088,914	\$ -	\$ -	\$ -	\$ 1,088,914
Restricted assets:					
Cash and investments	-	1,615	238,535	479,619	719,769
Total cash and investment assets - December 31	<u>\$ 1,088,914</u>	<u>\$ 1,615</u>	<u>\$ 238,535</u>	<u>\$ 479,619</u>	<u>\$ 1,808,683</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ 238,535	\$ 50,610	\$ 289,145
Debt service	-	-	-	78,080	78,080
Other purposes	-	1,615	-	350,929	352,544
Unrestricted	1,088,914	-	-	-	1,088,914
Total cash and investment fund balance - December 31	<u>\$ 1,088,914</u>	<u>\$ 1,615</u>	<u>\$ 238,535</u>	<u>\$ 479,619</u>	<u>\$ 1,808,683</u>

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

TOWN OF NEWBURGH
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	Wastewater Utility
Operating receipts:	
Measured revenue:	
Residential and commercial	\$ 4,245,692
Penalties	72,245
Tap in fees	563,608
Other	84,492
Total operating receipts	4,966,037
Operating disbursements:	
Equipment and capital improvements	2,969,052
Salaries and wages	676,386
Employee pensions and benefits	316,623
Purchased power	373,495
Sludge removal	67,597
Chemicals	121,749
Material and supplies	523,894
Contractual services	748,826
Transportation disbursements	35,124
Miscellaneous disbursements	269,105
Total operating disbursements	6,101,851
Deficiency of operating receipts over operating disbursements	(1,135,814)
Nonoperating receipts (disbursements):	
Interest and investment receipts	291,119
Miscellaneous receipts	42,995
Debt service of principal	(625,000)
Interest and investment disbursement	(664,505)
Miscellaneous disbursements	(56,000)
Total nonoperating receipts (disbursements)	(1,011,391)
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	(2,147,205)
Transfers out	(460,000)
Deficiency of receipts over disbursements and transfers out	(2,607,205)
Cash and investment fund balance - beginning	7,157,573
Cash and investment fund balance - ending	\$ 4,550,368
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 1,155,170
Restricted assets:	
Cash and investments	3,395,198
Total cash and investment assets - December 31	\$ 4,550,368
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 1,500,592
Other purposes	1,894,606
Unrestricted	1,155,170
Total cash and investment fund balance - December 31	\$ 4,550,368

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

TOWN OF NEWBURGH
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	Agency Funds
Additions:	
Agency fund additions	\$ 1,195,127
Deductions:	
Agency fund deductions	1,188,124
Excess of total additions over total deductions	7,003
Cash and investment fund balance - beginning	24,837
Cash and investment fund balance - ending	\$ 31,840

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

TOWN OF NEWBURGH
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				(Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 1,282,388	\$ 505,261	\$ 216,472	\$ 135,736	\$ (424,919)	\$ -	\$ (424,919)
Public safety	728,153	2,131	3,990	-	(722,032)	-	(722,032)
Highways and streets	283,933	-	181,903	-	(102,030)	-	(102,030)
Culture and recreation	840,700	13,044	-	618,025	(209,631)	-	(209,631)
Debt service	161,594	-	-	-	(161,594)	-	(161,594)
Capital outlay	137,270	-	-	-	(137,270)	-	(137,270)
Total governmental activities	3,434,038	520,436	402,365	753,761	(1,757,476)	-	(1,757,476)
Business-type activities:							
Wastewater	7,021,251	5,780,395	-	-	-	(1,240,856)	(1,240,856)
Total primary government	\$ 10,455,289	\$ 6,300,831	\$ 402,365	\$ 753,761	(1,757,476)	(1,240,856)	(2,998,332)
General receipts:							
Property taxes					764,037	-	764,037
Other local sources					396,418	35,153	431,571
Bonds					-	4,165,000	4,165,000
Unrestricted investment earnings					60,080	198,739	258,819
Transfers					460,000	(460,000)	-
Total general receipts and transfers					1,680,535	3,938,892	5,619,427
Change in net assets					(76,941)	2,698,036	2,621,095
Net assets - beginning					1,808,683	4,550,368	6,359,051
Net assets - ending					\$ 1,731,742	\$ 7,248,404	\$ 8,980,146
<u>Assets</u>							
Cash and investments					\$ 1,029,299	\$ 1,362,767	\$ 2,392,066
Restricted assets:							
Cash and investments					702,443	5,885,637	6,588,080
Total assets					\$ 1,731,742	\$ 7,248,404	\$ 8,980,146
<u>Net Assets</u>							
Restricted for:							
Culture and recreation					\$ 271,525	\$ -	\$ 271,525
Debt service					30	1,465,477	1,465,507
Other purposes					430,888	4,420,160	4,851,048
Unrestricted					1,029,299	1,362,767	2,392,066
Total net assets					\$ 1,731,742	\$ 7,248,404	\$ 8,980,146

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

TOWN OF NEWBURGH
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Master Lift Station	Rivertown Trail	Cumberland Presbyterian Church Renovation	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 535,615	\$ -	\$ -	\$ -	\$ 228,422	\$ 764,037
Licenses and permits	14,527	-	-	-	1,450	15,977
Intergovernmental	197,308	-	108,435	-	205,058	510,801
Charges for services	407,327	-	-	-	12,494	419,821
Fines and forfeits	3,875	-	-	-	80,764	84,639
Other	856,811	135,736	9,589	500,000	59,686	1,561,822
Total receipts	2,015,463	135,736	118,024	500,000	587,874	3,357,097
Disbursements:						
General government	1,215,336	-	-	-	67,052	1,282,388
Public safety	696,893	-	-	-	31,260	728,153
Highways and streets	-	-	-	-	283,934	283,934
Culture and recreation	169,971	-	138,602	500,000	32,126	840,699
Debt service:						
Principal	-	-	-	-	150,000	150,000
Interest	-	-	-	-	11,594	11,594
Capital outlay:						
Sewers and lift station	-	137,270	-	-	-	137,270
Total disbursements	2,082,200	137,270	138,602	500,000	575,966	3,434,038
Excess (deficiency) of receipts over disbursements	(66,737)	(1,534)	(20,578)	-	11,908	(76,941)
Other financing sources (uses):						
Transfers in	7,122	-	-	-	-	7,122
Transfers out	-	-	-	-	(7,122)	(7,122)
Total other financing sources (uses)	7,122	-	-	-	(7,122)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(59,615)	(1,534)	(20,578)	-	4,786	(76,941)
Cash and investment fund balance - beginning	1,088,914	1,615	238,535	-	479,619	1,808,683
Cash and investment fund balance - ending	<u>\$ 1,029,299</u>	<u>\$ 81</u>	<u>\$ 217,957</u>	<u>\$ -</u>	<u>\$ 484,405</u>	<u>\$ 1,731,742</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 1,029,299	\$ -	\$ -	\$ -	\$ -	\$ 1,029,299
Restricted assets:						
Cash and investments	-	81	217,957	-	484,405	702,443
Total cash and investment assets - December 31	<u>\$ 1,029,299</u>	<u>\$ 81</u>	<u>\$ 217,957</u>	<u>\$ -</u>	<u>\$ 484,405</u>	<u>\$ 1,731,742</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ 217,957	\$ -	\$ 53,568	\$ 271,525
Debt service	-	-	-	-	30	30
Other purposes	-	81	-	-	430,807	430,888
Unrestricted	1,029,299	-	-	-	-	1,029,299
Total cash and investment fund balance - December 31	<u>\$ 1,029,299</u>	<u>\$ 81</u>	<u>\$ 217,957</u>	<u>\$ -</u>	<u>\$ 484,405</u>	<u>\$ 1,731,742</u>

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

TOWN OF NEWBURGH
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2007

	<u>Wastewater Utility</u>
Operating receipts:	
Measured revenue:	
Residential and commercial	\$ 4,818,722
Penalties	72,253
Tap in fees	889,420
Other	<u>34,343</u>
Total operating receipts	<u>5,814,738</u>
Operating disbursements:	
Equipment and capital improvements	1,846,113
Salaries and wages	729,901
Employee pensions and benefits	343,592
Purchased power	381,411
Sludge removal	59,557
Chemicals	354,605
Material and supplies	318,524
Contractual services	1,161,033
Transportation disbursements	47,246
Miscellaneous disbursements	<u>457,462</u>
Total operating disbursements	<u>5,699,444</u>
Excess of operating receipts over operating disbursements	<u>115,294</u>
Nonoperating receipts (disbursements):	
Bond proceeds	4,165,000
Interest and investment receipts	198,739
Miscellaneous receipts	810
Debt service of principal	(650,000)
Interest and investment disbursement	(640,880)
Miscellaneous disbursements	<u>(30,927)</u>
Total nonoperating receipts (disbursements)	<u>3,042,742</u>
Excess of receipts over disbursements and nonoperating receipts (disbursements)	3,158,036
Transfers out	<u>(460,000)</u>
Excess of receipts over disbursements and transfers out	2,698,036
Cash and investment fund balance - beginning	<u>4,550,368</u>
Cash and investment fund balance - ending	<u>\$ 7,248,404</u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 1,362,767
Restricted assets:	
Cash and investments	<u>5,885,637</u>
Total cash and investment assets - December 31	<u>\$ 7,248,404</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 1,465,477
Other purposes	4,420,160
Unrestricted	<u>1,362,767</u>
Total cash and investment fund balance - December 31	<u>\$ 7,248,404</u>

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

TOWN OF NEWBURGH
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	Agency Funds
Additions:	
Agency fund additions	\$ 1,229,350
Deductions:	
Agency fund deductions	1,230,272
Deficiency of total additions over total deductions	(922)
Cash and investment fund balance - beginning	31,840
Cash and investment fund balance - ending	\$ 30,918

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

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS

I. 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 the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, and urban redevelopment.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of Newburgh

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The master lift station fund accounts for the funds received and expended for the interlocal agreement between the Town, the Warrick County Redevelopment Commission and the Board of County Commissioners of Warrick County for the construction of gravity sanitary sewers and a master lift station.

The rivertown trail fund accounts for the funds received and expended for the Newburgh-Warrick County Ohio River Greenway Project.

The cumberland presbyterian church renovation fund accounts for funds received and expended for the historic preservation of the old town hall.

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for the Town employees and serves as control of accounts for certain cash transactions during the time they are a liability of the Town payroll fund.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and wastewater utility. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

IV. Other Information

A. Risk Management

The Town is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries to Employees

During 1996, the Town joined with other governmental entities to form the Indiana Public Employers' Plan a public entity risk pool currently operating as a common risk management and insurance program for 740 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The Town pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Related Party Transactions

During the period in which the financial statements are presented, the Town had material transactions with Aurburbod, LLC in relation to the lease/purchase of land. In 2007, the Town paid one lease payment of \$5,168 to Aurburbod, LLC. As of the balance sheet date, the amount of \$150,953 was due to Aurburbod, LLC for the actual purchase of the land which was subsequently paid on January 9, 2008.

C. Building Corporation

The Town has entered into a capital lease with the Newburgh Town Hall Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing the costs (including issuance costs and interest during construction) of renovations and improvements to an existing Town Hall building and an existing library building for lease to the government. The lessor has been determined to be a related party of the Town. Lease payments during the years 2006 and 2007 totaled \$69,000 and \$120,000, respectively.

D. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Town Council on February 9, 2005, and provides for a small annual increase through 2010.

E. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utility is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 47,129
Interest on net pension obligation	(2,401)
Adjustment to annual required contribution	2,736
Annual pension cost	47,464
Contributions made	55,334
Decrease in net pension obligation	(7,870)
Net pension obligation, beginning of year	(33,116)
Net pension obligation, end of year	\$ (40,986)
Contribution rates:	
Town	5.5%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	<u>Year Ending</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
PERF	06-30-04	\$	31,456	176%	\$	(34,996)
	06-30-05		53,287	96%		(33,116)
	06-30-06		47,464	117%		(40,986)

F. Bond Anticipation Note

On May 4, 2007, the Wastewater Utility received bond anticipation funds of \$4,165,000 to be repaid at 3.9% interest by October 1, 2008; however, as of the balance sheet date the renewable note was determined to be a long-term debt.

TOWN OF NEWBURGH
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,011,630	\$ 1,064,875	\$ (53,245)	95%	\$ 1,013,190	(5%)
07-01-05	1,052,759	1,043,439	9,320	101%	964,049	1%
07-01-06	890,018	1,035,095	(145,077)	86%	1,121,853	(13%)

TOWN OF NEWBURGH
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Motor Vehicle Highway	Local Road and Street	Airport Authority	Law Enforcement Continuing Education	Economic Development Income Tax	Deposits
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 120,910	\$ -
Licenses and permits	-	-	-	975	-	-
Intergovernmental	150,698	31,038	-	-	-	-
Charges for services	-	-	-	333	-	-
Fines and forfeits	-	-	-	1,821	-	-
Other	-	-	-	-	-	-
Total receipts	150,698	31,038	-	3,129	120,910	-
Disbursements:						
General government	-	-	-	-	35,356	-
Public safety	-	-	-	2,073	-	-
Highways and streets	170,294	24,974	-	-	60,297	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	170,294	24,974	-	2,073	95,653	-
Excess (deficiency) of receipts over disbursements	(19,596)	6,064	-	1,056	25,257	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(59,445)	-
Total other financing sources (uses)	-	-	-	-	(59,445)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,596)	6,064	-	1,056	(34,188)	-
Cash and investment fund balance - beginning	53,540	17,510	58	3,712	177,226	3,500
Cash and investment fund balance - ending	<u>\$ 33,944</u>	<u>\$ 23,574</u>	<u>\$ 58</u>	<u>\$ 4,768</u>	<u>\$ 143,038</u>	<u>\$ 3,500</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	\$ 33,944	\$ 23,574	\$ 58	\$ 4,768	\$ 143,038	\$ 3,500
Total cash and investment assets - December 31	<u>\$ 33,944</u>	<u>\$ 23,574</u>	<u>\$ 58</u>	<u>\$ 4,768</u>	<u>\$ 143,038</u>	<u>\$ 3,500</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Other purposes	33,944	23,574	58	4,768	143,038	3,500
Total cash and investment fund balance - December 31	<u>\$ 33,944</u>	<u>\$ 23,574</u>	<u>\$ 58</u>	<u>\$ 4,768</u>	<u>\$ 143,038</u>	<u>\$ 3,500</u>

TOWN OF NEWBURGH
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Specific Donations	Street Cut	Boat Ramp	Newburgh Volunteer Fire Association	Storm Water Management	Enforcement Aid
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	640	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	11,080	-	-	-
Fines and forfeits	-	-	125	-	34,676	-
Other	29,305	-	-	6,000	2,637	-
Total receipts	29,305	-	11,205	6,000	37,953	-
Disbursements:						
General government	5,000	-	-	-	45,516	-
Public safety	7,719	-	-	6,000	-	-
Highways and streets	-	200	-	-	-	-
Culture and recreation	-	-	1,655	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	12,719	200	1,655	6,000	45,516	-
Excess (deficiency) of receipts over disbursements	16,586	(200)	9,550	-	(7,563)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,586	(200)	9,550	-	(7,563)	-
Cash and investment fund balance - beginning	8,119	4,353	18,364	-	27,725	1,000
Cash and investment fund balance - ending	<u>\$ 24,705</u>	<u>\$ 4,153</u>	<u>\$ 27,914</u>	<u>\$ -</u>	<u>\$ 20,162</u>	<u>\$ 1,000</u>
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	\$ 24,705	\$ 4,153	\$ 27,914	\$ -	\$ 20,162	\$ 1,000
Total cash and investment assets - December 31	\$ 24,705	\$ 4,153	\$ 27,914	\$ -	\$ 20,162	\$ 1,000
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ 27,914	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Other purposes	24,705	4,153	-	-	20,162	1,000
Total cash and investment fund balance - December 31	\$ 24,705	\$ 4,153	\$ 27,914	\$ -	\$ 20,162	\$ 1,000

TOWN OF NEWBURGH
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Levy Excess	Rainy Day	Federal Grants	EDIT Sinking	Park Bond
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 78,050	\$ 30
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	9,245	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>9,245</u>	<u>78,050</u>	<u>30</u>
Total receipts	-	-	9,245	78,050	30
Disbursements:					
General government	-	4,997	-	-	-
Public safety	-	44,828	8,290	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	80,000	-
Interest	-	-	-	11,092	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,092</u>	<u>-</u>
Total disbursements	-	49,825	8,290	91,092	-
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(49,825)</u>	<u>955</u>	<u>(13,042)</u>	<u>30</u>
Other financing sources (uses):					
Transfers in	7,122	59,445	-	-	-
Transfers out	(31,604)	-	-	-	-
	<u>(24,482)</u>	<u>59,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	(24,482)	59,445	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,482)	9,620	955	(13,042)	30
Cash and investment fund balance - beginning	<u>31,604</u>	<u>-</u>	<u>25</u>	<u>91,092</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 7,122</u>	<u>\$ 9,620</u>	<u>\$ 980</u>	<u>\$ 78,050</u>	<u>\$ 30</u>
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	<u>\$ 7,122</u>	<u>\$ 9,620</u>	<u>\$ 980</u>	<u>\$ 78,050</u>	<u>\$ 30</u>
Total cash and investment assets - December 31	<u>\$ 7,122</u>	<u>\$ 9,620</u>	<u>\$ 980</u>	<u>\$ 78,050</u>	<u>\$ 30</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	78,050	30
Other purposes	<u>7,122</u>	<u>9,620</u>	<u>980</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 7,122</u>	<u>\$ 9,620</u>	<u>\$ 980</u>	<u>\$ 78,050</u>	<u>\$ 30</u>

TOWN OF NEWBURGH
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Newburgh Community Park CCIF	Cumulative Capital Improvement	Newburgh Lock and Dam Park Capital	Cumulative Capital Development	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 24,828	\$ 223,818
Licenses and permits	-	-	-	-	1,615
Intergovernmental	-	11,032	-	7,308	209,321
Charges for services	-	-	-	-	11,413
Fines and forfeits	-	-	-	-	36,622
Other	-	-	2,449	-	40,391
Total receipts	-	11,032	2,449	32,136	523,180
Disbursements:					
General government	-	2,500	-	-	93,369
Public safety	-	2,860	-	-	71,770
Highways and streets	-	-	-	-	255,765
Culture and recreation	2,798	1,610	910	-	6,973
Debt service:					
Principal	-	-	-	-	80,000
Interest	-	-	-	-	11,092
Total disbursements	2,798	6,970	910	-	518,969
Excess (deficiency) of receipts over disbursements	(2,798)	4,062	1,539	32,136	4,211
Other financing sources (uses):					
Transfers in	3,227	-	-	-	69,794
Transfers out	-	-	-	-	(91,049)
Total other financing sources (uses)	3,227	-	-	-	(21,255)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	429	4,062	1,539	32,136	(17,044)
Cash and investment fund balance - beginning	7,539	12,625	13,189	25,482	496,663
Cash and investment fund balance - ending	\$ 7,968	\$ 16,687	\$ 14,728	\$ 57,618	\$ 479,619
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	\$ 7,968	\$ 16,687	\$ 14,728	\$ 57,618	\$ 479,619
Total cash and investment assets - December 31	\$ 7,968	\$ 16,687	\$ 14,728	\$ 57,618	\$ 479,619
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ 7,968	\$ -	\$ 14,728	\$ -	\$ 50,610
Debt service	-	-	-	-	78,080
Other purposes	-	16,687	-	57,618	350,929
Total cash and investment fund balance - December 31	\$ 7,968	\$ 16,687	\$ 14,728	\$ 57,618	\$ 479,619

TOWN OF NEWBURGH
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Airport Authority	Law Enforcement Continuing Education	Economic Development Income Tax	Deposits
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 119,714	\$ -
Licenses and permits	-	-	-	1,450	-	-
Intergovernmental	149,673	32,231	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	681	-	-
Other	-	-	-	483	-	-
Total receipts	149,673	32,231	-	2,614	119,714	-
Disbursements:						
General government	-	-	58	-	4,375	-
Public safety	-	-	-	2,544	-	-
Highways and streets	150,208	29,590	-	-	104,136	-
Culture and recreation	-	-	-	-	1,155	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	150,208	29,590	58	2,544	109,666	-
Excess (deficiency) of receipts over disbursements	(535)	2,641	(58)	70	10,048	-
Other financing uses:						
Transfers out	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(535)	2,641	(58)	70	10,048	-
Cash and investment fund balance - beginning	33,944	23,574	58	4,768	143,038	3,500
Cash and investment fund balance - ending	<u>\$ 33,409</u>	<u>\$ 26,215</u>	<u>\$ -</u>	<u>\$ 4,838</u>	<u>\$ 153,086</u>	<u>\$ 3,500</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	\$ 33,409	\$ 26,215	\$ -	\$ 4,838	\$ 153,086	\$ 3,500
Total cash and investment assets - December 31	\$ 33,409	\$ 26,215	\$ -	\$ 4,838	\$ 153,086	\$ 3,500
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Other purposes	33,409	26,215	-	4,838	153,086	3,500
Total cash and investment fund balance - December 31	\$ 33,409	\$ 26,215	\$ -	\$ 4,838	\$ 153,086	\$ 3,500

TOWN OF NEWBURGH
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Specific Donations	Street Cut	Boat Ramp	Newburgh Volunteer Fire Association	Storm Water Management	Enforcement Aid
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	12,494	-	-	-
Fines and forfeits	-	-	550	-	79,533	-
Other	40,475	50	827	6,000	1,039	-
Total receipts	40,475	50	13,871	6,000	80,572	-
Disbursements:						
General government	5,225	-	-	-	50,709	-
Public safety	17,747	-	-	6,000	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	17,576	-	4,891	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	40,548	-	4,891	6,000	50,709	-
Excess (deficiency) of receipts over disbursements	(73)	50	8,980	-	29,863	-
Other financing uses:						
Transfers out	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(73)	50	8,980	-	29,863	-
Cash and investment fund balance - beginning	24,705	4,153	27,914	-	20,162	1,000
Cash and investment fund balance - ending	<u>\$ 24,632</u>	<u>\$ 4,203</u>	<u>\$ 36,894</u>	<u>\$ -</u>	<u>\$ 50,025</u>	<u>\$ 1,000</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	\$ 24,632	\$ 4,203	\$ 36,894	\$ -	\$ 50,025	\$ 1,000
Total cash and investment assets - December 31	\$ 24,632	\$ 4,203	\$ 36,894	\$ -	\$ 50,025	\$ 1,000
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ 36,894	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Other purposes	24,632	4,203	-	-	50,025	1,000
Total cash and investment fund balance - December 31	\$ 24,632	\$ 4,203	\$ 36,894	\$ -	\$ 50,025	\$ 1,000

TOWN OF NEWBURGH
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Levy Excess	Rainy Day	Federal Grants	EDIT Sinking	Park Bond
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 83,544	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	3,990	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	8,330	-	-	-
Total receipts	-	8,330	3,990	83,544	-
Disbursements:					
General government	-	-	-	-	-
Public safety	-	-	4,969	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	150,000	-
Interest	-	-	-	11,594	-
Total disbursements	-	-	4,969	161,594	-
Excess (deficiency) of receipts over disbursements	-	8,330	(979)	(78,050)	-
Other financing uses:					
Transfers out	(7,122)	-	-	-	-
Total other financing uses	(7,122)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,122)	8,330	(979)	(78,050)	-
Cash and investment fund balance - beginning	7,122	9,620	980	78,050	30
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 17,950</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 30</u>
Cash and Investment Assets - December 31					
Restricted assets:					
Cash and investments	\$ -	\$ 17,950	\$ 1	\$ -	\$ 30
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ 17,950</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 30</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	30
Other purposes	-	17,950	1	-	-
Total cash and investment fund balance - December 31	<u>\$ -</u>	<u>\$ 17,950</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 30</u>

TOWN OF NEWBURGH
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Newburgh Community Park CCIF	Cumulative Capital Improvement	Newburgh Lock and Dam Park Capital	Cumulative Capital Development	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 25,164	\$ 228,422
Licenses and permits	-	-	-	-	1,450
Intergovernmental	-	10,846	-	8,318	205,058
Charges for services	-	-	-	-	12,494
Fines and forfeits	-	-	-	-	80,764
Other	-	-	2,482	-	59,686
	<u>-</u>	<u>10,846</u>	<u>2,482</u>	<u>33,482</u>	<u>587,874</u>
Total receipts	-	10,846	2,482	33,482	587,874
Disbursements:					
General government	-	6,685	-	-	67,052
Public safety	-	-	-	-	31,260
Highways and streets	-	-	-	-	283,934
Culture and recreation	5,741	-	2,763	-	32,126
Debt service:					
Principal	-	-	-	-	150,000
Interest	-	-	-	-	11,594
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,594</u>
Total disbursements	5,741	6,685	2,763	-	575,966
Excess (deficiency) of receipts over disbursements	(5,741)	4,161	(281)	33,482	11,908
Other financing uses:					
Transfers out	-	-	-	-	(7,122)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,122)</u>
Total other financing uses	-	-	-	-	(7,122)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,741)	4,161	(281)	33,482	4,786
Cash and investment fund balance - beginning	7,968	16,687	14,728	57,618	479,619
Cash and investment fund balance - ending	\$ 2,227	\$ 20,848	\$ 14,447	\$ 91,100	\$ 484,405
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	\$ 2,227	\$ 20,848	\$ 14,447	\$ 91,100	\$ 484,405
Total cash and investment assets - December 31	\$ 2,227	\$ 20,848	\$ 14,447	\$ 91,100	\$ 484,405
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ 2,227	\$ -	\$ 14,447	\$ -	\$ 53,568
Debt service	-	-	-	-	30
Other purposes	-	20,848	-	91,100	430,807
	<u>-</u>	<u>20,848</u>	<u>-</u>	<u>91,100</u>	<u>430,807</u>
Total cash and investment fund balance - December 31	\$ 2,227	\$ 20,848	\$ 14,447	\$ 91,100	\$ 484,405

TOWN OF NEWBURGH
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 412,612
Infrastructure	242,115
Buildings	3,819,653
Improvements other than buildings	656,591
Machinery and equipment	<u>1,570,624</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 6,701,595</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 511,233
Construction in progress	1,576,203
Improvements other than buildings	47,739,819
Machinery and equipment	<u>1,617,794</u>
 Total business-type activities capital assets	 <u>\$ 51,445,049</u>

TOWN OF NEWBURGH
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Fire equipment	\$ 111,510	\$ 18,827
Town hall	1,425,000	61,500
2007 police car	18,962	8,122
2008 police car	28,279	14,926
Bonds payable:		
Revenue bonds:		
2004 EDIT	<u>170,000</u>	<u>2,444</u>
Total governmental activities debt	<u>\$ 1,753,751</u>	<u>\$ 105,819</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1996 refunding	\$ 370,000	\$ 199,055
2002 revenue	3,995,000	290,210
2005 revenue	3,800,000	218,955
2007 bond anticipation note	4,165,000	-
State revolving loans:		
1998 series A	1,405,000	54,175
1999 series B	5,005,000	450,175
1999 series C	675,000	68,625
2001 series A	<u>715,000</u>	<u>75,025</u>
Total Wastewater Utility	<u>20,130,000</u>	<u>1,356,220</u>
Total business-type activities debt	<u>\$ 20,130,000</u>	<u>\$ 1,356,220</u>

TOWN OF NEWBURGH
AUDIT RESULT AND COMMENT

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$629.81 were paid to the Internal Revenue Service on July 20, 2006, for the period ending December 31, 2005.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF NEWBURGH, WARRICK COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Newburgh (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 27, 2008

TOWN OF NEWBURGH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-06	Total Federal Awards Expended 12-31-07
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program Community Focus Funds	14.228	CF-06-230	\$ -	\$ 500,000
<u>U.S. DEPARTMENT OF DEPARTMENT OF JUSTICE</u>				
Direct Grant Bulletproof Vest Partnership Program	16.607	V152087005	-	3,237
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation Highway Planning and Construction Surface Transportation Program Relocate Sanitary Sewer Facilities	20.205	STP-BIKE(046) NH-006-6(002)	117,410 -	108,435 477,976
Total for Program			117,410	586,411
Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety Operation Pullover Seat Belt Enforcement	20.600	OP-06-02-05-30 OP-07-01-02-03 OP-08-01-02-05	1,650 760 -	- 3,040 950
Total for Program			2,410	3,990
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants Traffic Safety Equipment	20.601	J8-2006-04-04-01	2,835	-
Total for Federal Grantor Agency			122,655	590,401
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Grant Commercial Equipment Direct Assistance Program (CEDAP)	97.096	FY 06 CEDAP	-	18,000
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1612	70,014	-
Total for Federal Grantor Agency			70,014	18,000
Total Federal Awards Expended			\$ 192,669	\$ 1,111,638

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF NEWBURGH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Newburgh (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The Town expended the following amount of noncash assistance for the years ending December 31, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
Commercial Equipment Direct Assistance Program (CEDAP)	97.096	\$ -	\$ 18,000

TOWN OF NEWBURGH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF NEWBURGH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF NEWBURGH
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2008, with Rebecca J. Gentry, Clerk-Treasurer; William Kavanaugh, President of the Town Council; Anne Rust Aurand, Council member; Cynthia E. Burger, Town Manager; Shawn Mundy, Utility Office Manager; and Susan Helms, Deputy Clerk-Treasurer. The officials concurred with our audit finding.