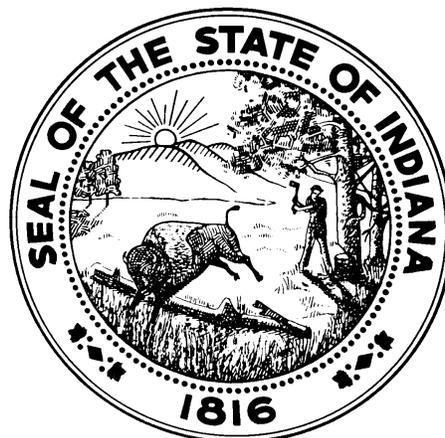


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF NEWPORT
VERMILLION COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
10/09/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary Alice Bemis	01-01-07 to 12-31-11
President of the Town Council	Paul Lee	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NEWPORT, VERMILLION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Newport (Town), for the period of January 1, 2007 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 27, 2008

TOWN OF NEWPORT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
 As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 30,140	\$ 37,228	\$ 46,729	\$ 20,639
Motor Vehicle Highway	9,194	24,839	19,361	14,672
Local Road and Street	-	3,847	2,642	1,205
DNR Tree Grant	805	1,001	1,700	106
Cumulative Capital Improvement	1,087	2,030	2,041	1,076
Cumulative Capital Development	36,550	1,524	45	38,029
Proprietary Funds:				
Water Utility - Operating	53,180	79,823	94,985	38,018
Water Utility - Bond and Interest	26,970	14,400	14,900	26,470
Water Utility - Depreciation	21,288	6,000	26,117	1,171
Water Utility - Customer Deposit	4,320	1,650	965	5,005
Fiduciary Fund:				
Excess Levy	-	354	354	-
Totals	<u>\$ 183,534</u>	<u>\$ 172,696</u>	<u>\$ 209,839</u>	<u>\$ 146,391</u>

The accompanying notes are an integral part of the financial information.

TOWN OF NEWPORT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (Indiana Code 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (Indiana Code 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF NEWPORT
 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.

General infrastructure assets completed in the current year has been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 26,200
Infrastructure	105,135
Buildings	26,800
Machinery and equipment	<u>178,221</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 336,356</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 1,100
Buildings	24,100
Improvements other than buildings	411,112
Machinery and equipment	<u>24,758</u>
 Total business-type activities capital assets	 <u>\$ 461,070</u>

TOWN OF NEWPORT
 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
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water works improvement	\$ 109,000	\$ 13,450

TOWN OF NEWPORT
EXAMINATION RESULT AND COMMENT

ORDINANCES AND RESOLUTIONS (Water Utility)

Approximately 45% of the Water Utility's October billings tested were incorrectly manually calculated. Some customers were overcharged while others were undercharged.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF NEWPORT
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2008, with Mary Alice Bemis, Clerk-Treasurer. The official concurred with our finding.