

B37093

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, 2008 to December 31, 2009



FILED
06/07/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecca J. Gentry	01-01-08 to 12-31-11
President of the Town Council	William Kavanaugh Shari Sherman	01-01-08 to 12-31-09 01-01-10 to 12-31-10
Superintendent of Wastewater Utility	Leon Key	01-01-08 to 12-31-10
Utility Office Manager	Shawn Mundy	01-01-08 to 12-31-10



STATE OF INDIANA
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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, 2008 and 2009, 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, 2008 and 2009, 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 April 19, 2010, 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, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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.

The Town has not presented Management's Discussion and Analysis, Schedule of Funding Progress, 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

April 19, 2010



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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, 2008 and 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 19, 2010. 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, the Town Council, 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

April 19, 2010

TOWN OF NEWBURGH
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
		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	\$ 1,833,976	\$ 206,780	\$ 50,587	\$ -	\$ (1,576,609)	\$ -	\$ (1,576,609)
Public safety	742,859	34,756	3,875	-	(704,228)	-	(704,228)
Highways and streets	199,943	-	82,337	32,140	(85,466)	-	(85,466)
Sanitation	-	136,272	-	-	136,272	-	136,272
Economic development	15,386	-	-	-	(15,386)	-	(15,386)
Culture and recreation	160,678	92,718	-	-	(67,960)	-	(67,960)
Total governmental activities	<u>2,952,842</u>	<u>470,526</u>	<u>136,799</u>	<u>32,140</u>	<u>(2,313,377)</u>	<u>-</u>	<u>(2,313,377)</u>
Business-type activities:							
Wastewater	<u>12,940,582</u>	<u>5,944,023</u>	<u>-</u>	<u>526,989</u>	<u>-</u>	<u>(6,469,570)</u>	<u>(6,469,570)</u>
Total primary government	<u>\$ 15,893,424</u>	<u>\$ 6,414,549</u>	<u>\$ 136,799</u>	<u>\$ 559,129</u>	<u>(2,313,377)</u>	<u>(6,469,570)</u>	<u>(8,782,947)</u>
General receipts:							
Property taxes					380,902	-	380,902
Intergovernmental					343,042	-	343,042
Other local sources					1,691,915	-	1,691,915
Net proceeds from borrowings					-	7,430,000	7,430,000
Investment earnings					<u>21,930</u>	<u>314,481</u>	<u>336,411</u>
Total general receipts					<u>2,437,789</u>	<u>7,744,481</u>	<u>10,182,270</u>
Change in net assets					124,412	1,274,911	1,399,323
Net assets - beginning					<u>1,731,742</u>	<u>7,248,404</u>	<u>8,980,146</u>
Net assets - ending					<u>\$ 1,856,154</u>	<u>\$ 8,523,315</u>	<u>\$ 10,379,469</u>
<u>Assets</u>							
Cash and investments					\$ 1,813,431	\$ 772,396	\$ 2,585,827
Restricted assets:							
Cash and investments					<u>42,723</u>	<u>7,750,919</u>	<u>7,793,642</u>
Total assets					<u>\$ 1,856,154</u>	<u>\$ 8,523,315</u>	<u>\$ 10,379,469</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 3,473	\$ -	\$ 3,473
Capital outlay					39,250	-	39,250
Debt service					-	1,804,970	1,804,970
Other purposes					-	5,945,749	5,945,749
Unrestricted					<u>1,813,431</u>	<u>772,596</u>	<u>2,586,027</u>
Total net assets					<u>\$ 1,856,154</u>	<u>\$ 8,523,315</u>	<u>\$ 10,379,469</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, 2008

	General Fund	Edit Construction	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 405,911	\$ -	\$ 94,814	\$ 500,725
Licenses and permits	9,304	-	471	9,775
Intergovernmental	22,069	-	378,913	400,982
Charges for services	415,209	-	97,941	513,150
Fines and forfeits	525	-	25,807	26,332
Other	128,272	1,583	80,284	210,139
	<u>981,290</u>	<u>1,583</u>	<u>678,230</u>	<u>1,661,103</u>
Disbursements:				
General government	799,715	47,231	328,903	1,175,849
Public safety	739,512	-	-	739,512
Highways and streets	-	-	184,633	184,633
Culture and recreation	160,678	-	-	160,678
Capital outlay:				
General government	115,033	43,098	499,995	658,126
Public safety	3,347	-	-	3,347
Highways and streets	-	-	15,311	15,311
Economic development	-	-	15,386	15,386
	<u>1,818,285</u>	<u>90,329</u>	<u>1,044,228</u>	<u>2,952,842</u>
Deficiency of receipts over disbursements	<u>(836,995)</u>	<u>(88,746)</u>	<u>(365,998)</u>	<u>(1,291,739)</u>
Other financing sources (uses):				
Net proceeds from borrowings	-	920,975	-	920,975
Transfers in	10,833	-	3,288	14,121
Transfers out	(3,288)	(7,785)	(3,048)	(14,121)
Other receipts	491,568	-	3,608	495,176
	<u>499,113</u>	<u>913,190</u>	<u>3,848</u>	<u>1,416,151</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(337,882)</u>	<u>824,444</u>	<u>(362,150)</u>	<u>124,412</u>
Cash and investment fund balance - beginning	<u>1,029,299</u>	<u>-</u>	<u>702,443</u>	<u>1,731,742</u>
Cash and investment fund balance - ending	<u>\$ 691,417</u>	<u>\$ 824,444</u>	<u>\$ 340,293</u>	<u>\$ 1,856,154</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	\$ 691,417	\$ 824,444	\$ 297,569	\$ 1,813,430
Restricted assets:				
Cash and investments	<u>-</u>	<u>-</u>	<u>42,724</u>	<u>42,724</u>
Total cash and investment assets - ending	<u>\$ 691,417</u>	<u>\$ 824,444</u>	<u>\$ 340,293</u>	<u>\$ 1,856,154</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
Highways and streets	\$ -	\$ -	\$ 3,474	\$ 3,474
Capital outlay	-	-	39,250	39,250
Unrestricted	<u>691,417</u>	<u>824,444</u>	<u>297,569</u>	<u>1,813,430</u>
Total cash and investment fund balance - ending	<u>\$ 691,417</u>	<u>\$ 824,444</u>	<u>\$ 340,293</u>	<u>\$ 1,856,154</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, 2008

	<u>Wastewater</u>
Operating receipts:	
Measured	\$ 4,865,140
Miscellaneous	<u>1,078,883</u>
Total operating receipts	<u>5,944,023</u>
Operating disbursements:	
Salaries and wages	814,154
Employee pensions and benefits	378,050
Sludge removal	90,601
Purchased power	452,504
Chemicals	425,126
Material and supplies	285,998
Contractual services	1,206,564
Transportation	66,247
Insurance claims and expense	24,929
Equipment and capital improvements	1,598,647
Miscellaneous	<u>1,758,158</u>
Total operating disbursements	<u>7,100,978</u>
Deficiency of operating receipts over operating disbursements	<u>(1,156,955)</u>
Nonoperating receipts (disbursements):	
Investment income	314,482
Net proceeds from borrowings	7,430,000
Debt service of principal	(4,905,000)
Interest disbursements	<u>(934,604)</u>
Total nonoperating receipts (disbursements)	<u>1,904,878</u>
Excess of receipts over disbursements and nonoperating receipts (disbursements)	747,923
Capital contributions	526,988
Transfers in	14,641,732
Transfers out	<u>(14,641,732)</u>
Excess of receipts and transfers in over disbursements and transfers out	1,274,911
Cash and investment fund balance - beginning	<u>7,248,404</u>
Cash and investment fund balance - ending	<u>\$ 8,523,315</u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 772,396
Restricted assets:	
Cash and investments	<u>7,750,919</u>
Total cash and investment assets - December 31	<u>\$ 8,523,315</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 1,804,970
Other purposes	5,945,749
Unrestricted	<u>772,596</u>
Total cash and investment fund balance - December 31	<u>\$ 8,523,315</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, 2008

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 38,880</u>

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, 2009

Functions/Programs	Program Receipts				Net (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	\$ 1,847,111	\$ 124,608	\$ -	\$ -	\$ (1,722,503)	\$ -	\$ (1,722,503)
Public safety	732,691	54,264	4,850	153,251	(520,326)	-	(520,326)
Highways and streets	140,403	85	344,242	-	203,924	-	203,924
Sanitation	-	170,058	-	-	170,058	-	170,058
Culture and recreation	173,444	82,371	-	-	(91,073)	-	(91,073)
Principal and interest on indebtedness	330,285	-	-	-	(330,285)	-	(330,285)
Total governmental activities	<u>3,223,934</u>	<u>431,386</u>	<u>349,092</u>	<u>153,251</u>	<u>(2,290,205)</u>	<u>-</u>	<u>(2,290,205)</u>
Business-type activities:							
Wastewater	<u>10,965,572</u>	<u>8,755,281</u>	<u>-</u>	<u>1,406,088</u>	<u>-</u>	<u>(804,203)</u>	<u>(804,203)</u>
Total primary government	<u>\$ 14,189,506</u>	<u>\$ 9,186,667</u>	<u>\$ 349,092</u>	<u>\$ 1,559,339</u>	<u>(2,290,205)</u>	<u>(804,203)</u>	<u>(3,094,408)</u>
General receipts:							
Property taxes					579,388	-	579,388
Intergovernmental					209,338	-	209,338
Other local sources					950,210	-	950,210
Net proceeds from borrowings					-	1,059,979	1,059,979
Investment earnings					7,879	208,774	216,653
Total general receipts					<u>1,746,815</u>	<u>1,268,753</u>	<u>3,015,568</u>
Change in net assets					(543,390)	464,550	(78,840)
Net assets - beginning					<u>1,856,154</u>	<u>8,523,315</u>	<u>10,379,469</u>
Net assets - ending					<u>\$ 1,312,764</u>	<u>\$ 8,987,865</u>	<u>\$ 10,300,629</u>
<u>Assets</u>							
Cash and investments					\$ 1,266,132	\$ 325,118	\$ 1,591,250
Restricted assets:							
Cash and investments					<u>46,632</u>	<u>8,662,747</u>	<u>8,709,379</u>
Total assets					<u>\$ 1,312,764</u>	<u>\$ 8,987,865</u>	<u>\$ 10,300,629</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 7,099	\$ -	\$ 7,099
Capital outlay					39,533	-	39,533
Debt service					-	3,442,481	3,442,481
Other purposes					-	5,220,266	5,220,266
Unrestricted					<u>1,266,132</u>	<u>325,118</u>	<u>1,591,250</u>
Total net assets					<u>\$ 1,312,764</u>	<u>\$ 8,987,865</u>	<u>\$ 10,300,629</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, 2009

	General Fund	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 635,448	\$ 273,858	\$ 909,306
Licenses and permits	6,855	2,490	9,345
Intergovernmental	285,635	426,046	711,681
Charges for services	296,369	96,776	393,145
Fines and forfeits	678	2,011	2,689
Other	<u>107,794</u>	<u>56,105</u>	<u>163,899</u>
Total receipts	<u>1,332,779</u>	<u>857,286</u>	<u>2,190,065</u>
Disbursements:			
General government	803,318	446,265	1,249,583
Public safety	729,566	-	729,566
Highways and streets	-	135,548	135,548
Culture and recreation	172,779	-	172,779
Debt service:			
Principal	166,875	125,000	291,875
Interest	-	38,410	38,410
Capital outlay:			
General government	15,678	581,850	597,528
Public safety	3,125	-	3,125
Highways and streets	-	4,855	4,855
Culture and recreation	<u>665</u>	<u>-</u>	<u>665</u>
Total disbursements	<u>1,892,006</u>	<u>1,331,928</u>	<u>3,223,934</u>
Deficiency of receipts over disbursements	<u>(559,227)</u>	<u>(474,642)</u>	<u>(1,033,869)</u>
Other financing sources (uses):			
Transfers in	-	17,162	17,162
Transfers out	(16,535)	(627)	(17,162)
Other receipts	<u>485,083</u>	<u>5,396</u>	<u>490,479</u>
Total other financing sources (uses)	<u>468,548</u>	<u>21,931</u>	<u>490,479</u>
Deficiency of receipts and other financing sources over disbursements and other financing uses	(90,679)	(452,711)	(543,390)
Cash and investment fund balance - beginning	<u>691,417</u>	<u>1,164,737</u>	<u>1,856,154</u>
Cash and investment fund balance - ending	<u>\$ 600,738</u>	<u>\$ 712,026</u>	<u>\$ 1,312,764</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	\$ 600,738	\$ 665,394	\$ 1,266,132
Restricted assets:			
Cash and investments	<u>-</u>	<u>46,632</u>	<u>46,632</u>
Total cash and investment assets - ending	<u>\$ 600,738</u>	<u>\$ 712,026</u>	<u>\$ 1,312,764</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
Highways and streets	\$ -	\$ 7,099	\$ 7,099
Capital outlay	-	39,533	39,533
Unrestricted	<u>600,738</u>	<u>665,394</u>	<u>1,266,132</u>
Total cash and investment fund balance - ending	<u>\$ 600,738</u>	<u>\$ 712,026</u>	<u>\$ 1,312,764</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, 2009

	<u>Wastewater</u>
Operating receipts:	
Measured	\$ 5,754,870
Penalties	100,014
Miscellaneous	<u>2,900,397</u>
Total operating receipts	<u>8,755,281</u>
Operating disbursements:	
Salaries and wages	995,707
Employee pensions and benefits	421,473
Sludge removal	96,133
Purchased power	531,477
Chemicals	443,627
Material and supplies	393,822
Contractual services	1,011,176
Transportation	72,494
Insurance claims and expense	105,472
Equipment and capital improvements	4,911,948
Miscellaneous	<u>1,508,619</u>
Total operating disbursements	<u>10,491,948</u>
Deficiency of operating receipts over operating disbursements	<u>(1,736,667)</u>
Nonoperating receipts (disbursements):	
Investment income	208,774
Net proceeds from borrowings	1,059,979
Interest disbursements	<u>(473,624)</u>
Total nonoperating receipts (disbursements)	<u>795,129</u>
Deficiency of receipts over disbursements and nonoperating disbursements	(941,538)
Capital contributions	1,406,088
Transfers in	5,666,452
Transfers out	<u>(5,666,452)</u>
Excess of receipts, contributions and transfers in over disbursements and transfers out	464,550
Cash and investment fund balance - beginning	<u>8,523,315</u>
Cash and investment fund balance - ending	<u>\$ 8,987,865</u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 325,118
Restricted assets:	
Cash and investments	<u>8,662,747</u>
Total cash and investment assets - December 31	<u>\$ 8,987,865</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 3,442,481
Other purposes	5,220,266
Unrestricted	<u>325,118</u>
Total cash and investment fund balance - December 31	<u>\$ 8,987,865</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, 2009

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 46,926</u>

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, health and social services, 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 non-exchange 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, 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 edit construction fund accounts for edit bond proceeds which are used to construct certain recreational capital improvements, streets and sidewalks, and drainage projects.

The Town reports the following major enterprise fund:

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

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for other funds and serve as control of accounts for certain cash transactions during the time they are a liability to the Town.

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 its enterprise funds. 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.

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

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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 may 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.

4. 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.

5. Long-Term Debt

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

6. 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."

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 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 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.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF NEWBURGH
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

II. Stewardship, Compliance and Accountability

A. 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. Prior to November 1, the governing board, through the passage of a resolution/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.

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2008, disbursements exceeded budgeted appropriations in the following fund by the amount below:

Fund	2008
Local Road and Street	\$ <u>2,792</u>

These disbursements were funded by the available fund balance.

III. Detailed Notes on All Funds

A. 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. IC 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. The Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$8,543,705.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
General Fund	Other governmental funds	\$ 3,288	\$ 16,535
Edit Construction	General Fund	7,785	-
Other governmental funds	Other governmental funds	<u>3,048</u>	<u>627</u>
Totals		<u>\$ 14,121</u>	<u>\$ 17,162</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

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; medical benefits to employees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits to employees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 1996, the Town joined with other governmental entities in 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.

B. Holding Corporation

The Town has entered into a capital lease with 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 and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related party of the Town. Lease payments during the years 2008 and 2009 totaled \$123,000 and \$125,000, respectively.

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Town Council on February 9, 2005.

D. Receipts Pledged

Wastewater Utility Receipts Pledged

The Town has pledged future customer utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 1996. Proceeds from the bonds provided financing for refunding and improvements. The bonds are payable solely from customer utility receipts net receipts and are payable through 2010.

The Town has pledged future customer utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2002. Proceeds from the bonds provided financing for improvements. The bonds are payable solely from customer utility receipts net receipts and are payable through 2021.

The Town has pledged future customer utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2005. Proceeds from the bonds provided financing for improvements. The bonds are payable solely from customer utility receipts net receipts and are payable through 2024.

The Town has pledged future customer utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 2008. Proceeds from the bonds provided financing for improvements. The bonds are payable solely from customer utility receipts net receipts and are payable through 2028.

E. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plans

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.

TOWN OF NEWBURGH
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the Town during the period were \$308,678.

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, 2008

	Motor Vehicle Highway	Local Road and Street	Donations	Federal Grants	Rainy Day	Boat Ramp
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	125,824	32,141	-	3,874	-	-
Charges for services	-	-	-	-	-	11,653
Fines and forfeits	-	-	-	-	24,750	275
Other	-	-	20,420	-	-	503
Total receipts	125,824	32,141	20,420	3,874	24,750	12,431
Disbursements:						
General government	-	-	24,361	3,873	-	833
Highways and streets	142,682	41,951	-	-	-	-
Capital outlay:						
General government	-	-	11,060	-	42,700	29,781
Highways and streets	1,800	13,511	-	-	-	-
Economic development	-	-	-	-	-	-
Total disbursements	144,482	55,462	35,421	3,873	42,700	30,614
Excess (deficiency) of receipts over disbursements	(18,658)	(23,321)	(15,001)	1	(17,950)	(18,183)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	61	580	-	-	-	-
Total other financing sources (uses)	61	580	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,597)	(22,741)	(15,001)	1	(17,950)	(18,183)
Cash and investment fund balance - beginning	33,409	26,215	24,632	1	17,950	36,894
Cash and investment fund balance - ending	<u>\$ 14,812</u>	<u>\$ 3,474</u>	<u>\$ 9,631</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 18,711</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 14,812	\$ -	\$ 9,631	\$ 2	\$ -	\$ 18,711
Restricted assets:						
Cash and investments	-	3,474	-	-	-	-
Total cash and investment assets - ending	<u>\$ 14,812</u>	<u>\$ 3,474</u>	<u>\$ 9,631</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 18,711</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ 3,474	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	14,812	-	9,631	2	-	18,711
Total cash and investment fund balance - ending	<u>\$ 14,812</u>	<u>\$ 3,474</u>	<u>\$ 9,631</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 18,711</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, 2008
 (Continued)

	Newburgh Community Park CCIF	Deposits	EDIT	Edit Bond Sinking	Enforcement Aid	Newburgh Lock and Dam Park Capital
Receipts:						
Taxes	\$ -	\$ -	\$ 76,648	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	155,873	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	780	1,507
Total receipts	-	-	76,648	155,873	780	1,507
Disbursements:						
General government	-	-	19,354	155,873	40	-
Highways and streets	-	-	-	-	-	-
Capital outlay:						
General government	3,781	-	139,852	-	-	7,050
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total disbursements	3,781	-	159,206	155,873	40	7,050
Excess (deficiency) of receipts over disbursements	(3,781)	-	(82,558)	-	740	(5,543)
Other financing sources (uses):						
Transfers in	3,288	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	3,288	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(493)	-	(82,558)	-	740	(5,543)
Cash and investment fund balance - beginning	2,227	3,500	153,086	-	1,000	14,447
Cash and investment fund balance - ending	<u>\$ 1,734</u>	<u>\$ 3,500</u>	<u>\$ 70,528</u>	<u>\$ -</u>	<u>\$ 1,740</u>	<u>\$ 8,904</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,734	\$ 3,500	\$ 70,528	\$ -	\$ 1,740	\$ 8,904
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,734</u>	<u>\$ 3,500</u>	<u>\$ 70,528</u>	<u>\$ -</u>	<u>\$ 1,740</u>	<u>\$ 8,904</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	1,734	3,500	70,528	-	1,740	8,904
Total cash and investment fund balance - ending	<u>\$ 1,734</u>	<u>\$ 3,500</u>	<u>\$ 70,528</u>	<u>\$ -</u>	<u>\$ 1,740</u>	<u>\$ 8,904</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, 2008
 (Continued)

	Newburgh Volunteer Fire Association	Park Debt	Law Enforcement Continuing Education	Storm Water	Street Cut
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	421	50
Intergovernmental	-	-	-	-	-
Charges for services	-	-	2,355	83,933	-
Fines and forfeits	-	-	782	-	-
Other	6,000	-	-	-	-
Total receipts	6,000	-	3,137	84,354	50
Disbursements:					
General government	6,000	-	3,134	72,251	200
Highways and streets	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Total disbursements	6,000	-	3,134	72,251	200
Excess (deficiency) of receipts over disbursements	-	-	3	12,103	(150)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	3	12,103	(150)
Cash and investment fund balance - beginning	-	30	4,838	50,025	4,203
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 4,841</u>	<u>\$ 62,128</u>	<u>\$ 4,053</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 30	\$ 4,841	\$ 62,128	\$ 4,053
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 4,841</u>	<u>\$ 62,128</u>	<u>\$ 4,053</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-
Unrestricted	-	30	4,841	62,128	4,053
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 4,841</u>	<u>\$ 62,128</u>	<u>\$ 4,053</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, 2008
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Rivertown Trail	Master Lift Station	Totals
Receipts:					
Taxes	\$ -	\$ 18,166	\$ -	\$ -	\$ 94,814
Licenses and permits	-	-	-	-	471
Intergovernmental	10,043	571	50,587	-	378,913
Charges for services	-	-	-	-	97,941
Fines and forfeits	-	-	-	-	25,807
Other	-	-	51,074	-	80,284
Total receipts	10,043	18,737	101,661	-	678,230
Disbursements:					
General government	-	244	42,740	-	328,903
Highways and streets	-	-	-	-	184,633
Capital outlay:					
General government	-	70,343	195,428	-	499,995
Highways and streets	-	-	-	-	15,311
Economic development	15,386	-	-	-	15,386
Total disbursements	15,386	70,587	238,168	-	1,044,228
Excess (deficiency) of receipts over disbursements	(5,343)	(51,850)	(136,507)	-	(365,998)
Other financing sources (uses):					
Transfers in	-	-	-	-	3,288
Transfers out	-	-	-	(3,048)	(3,048)
Other receipts	-	-	-	2,967	3,608
Total other financing sources (uses)	-	-	-	(81)	3,848
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,343)	(51,850)	(136,507)	(81)	(362,150)
Cash and investment fund balance - beginning	20,848	91,100	217,957	81	702,443
Cash and investment fund balance - ending	<u>\$ 15,505</u>	<u>\$ 39,250</u>	<u>\$ 81,450</u>	<u>\$ -</u>	<u>\$ 340,293</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 15,505	\$ -	\$ 81,450	\$ -	\$ 297,569
Restricted assets:					
Cash and investments	-	39,250	-	-	42,724
Total cash and investment assets - ending	<u>\$ 15,505</u>	<u>\$ 39,250</u>	<u>\$ 81,450</u>	<u>\$ -</u>	<u>\$ 340,293</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 3,474
Capital outlay	-	39,250	-	-	39,250
Unrestricted	15,505	-	81,450	-	297,569
Total cash and investment fund balance - ending	<u>\$ 15,505</u>	<u>\$ 39,250</u>	<u>\$ 81,450</u>	<u>\$ -</u>	<u>\$ 340,293</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, 2009

	Motor Vehicle Highway	Local Road And Street	Donations	Federal Grants	Rainy Day	Levy Excess
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	121,400	30,602	-	30,251	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	15,982	-	26,585	-
Total receipts	121,400	30,602	15,982	30,251	26,585	-
Disbursements:						
General government	-	-	10,407	4,838	2,027	-
Highways and streets	112,191	23,357	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	1,235	3,620	-	-	-	-
Total disbursements	113,426	26,977	10,407	4,838	2,027	-
Excess (deficiency) of receipts over disbursements	7,974	3,625	5,575	25,413	24,558	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	13,253
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	13,253
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,974	3,625	5,575	25,413	24,558	13,253
Cash and investment fund balance - beginning	14,812	3,474	9,631	2	-	-
Cash and investment fund balance - ending	\$ 22,786	\$ 7,099	\$ 15,206	\$ 25,415	\$ 24,558	\$ 13,253
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 22,786	\$ -	\$ 15,206	\$ 25,415	\$ 24,558	\$ 13,253
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	7,099	-	-	-	-
Total cash and investment assets - ending	\$ 22,786	\$ 7,099	\$ 15,206	\$ 25,415	\$ 24,558	\$ 13,253
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Highways and streets	\$ -	\$ 7,099	\$ -	\$ -	\$ -	\$ -
Sanitation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	22,786	-	15,206	25,415	24,558	13,253
Total cash and investment fund balance - ending	\$ 22,786	\$ 7,099	\$ 15,206	\$ 25,415	\$ 24,558	\$ 13,253

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, 2009
 (Continued)

	Boat Ramp	Newburgh Community Park CCIF	Deposits	EDIT	Edit Bond Sinking	Enforcement Aid
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 85,830	\$ 163,410	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	10,363	-	-	-	-	-
Fines and forfeits	375	-	-	-	-	-
Other	862	-	-	-	-	-
Total receipts	<u>11,600</u>	<u>-</u>	<u>-</u>	<u>85,830</u>	<u>163,410</u>	<u>-</u>
Disbursements:						
General government	8,314	543	-	7,829	-	-
Highways and streets	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	125,000	-
Interest	-	-	-	-	38,410	-
Capital outlay:						
General government	2,784	5,050	-	25,993	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	<u>11,098</u>	<u>5,593</u>	<u>-</u>	<u>33,822</u>	<u>163,410</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>502</u>	<u>(5,593)</u>	<u>-</u>	<u>52,008</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	3,909	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>3,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>502</u>	<u>(1,684)</u>	<u>-</u>	<u>52,008</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>18,711</u>	<u>1,734</u>	<u>3,500</u>	<u>70,528</u>	<u>-</u>	<u>1,740</u>
Cash and investment fund balance - ending	<u>\$ 19,213</u>	<u>\$ 50</u>	<u>\$ 3,500</u>	<u>\$ 122,536</u>	<u>\$ -</u>	<u>\$ 1,740</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 19,213	\$ 50	\$ 3,500	\$ 122,536	\$ -	\$ 1,740
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 19,213</u>	<u>\$ 50</u>	<u>\$ 3,500</u>	<u>\$ 122,536</u>	<u>\$ -</u>	<u>\$ 1,740</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	<u>19,213</u>	<u>50</u>	<u>3,500</u>	<u>122,536</u>	<u>-</u>	<u>1,740</u>
Total cash and investment fund balance - ending	<u>\$ 19,213</u>	<u>\$ 50</u>	<u>\$ 3,500</u>	<u>\$ 122,536</u>	<u>\$ -</u>	<u>\$ 1,740</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, 2009
 (Continued)

	Newburgh Lock and Dam Park Capital	Newburgh Volunteer Fire Association	Park Debt	Law Enforcement Continuing Education	Storm Water	Street Cut
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	2,140	350	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	503	85,910	-
Fines and forfeits	-	-	-	1,636	-	-
Other	2,587	6,000	-	-	-	-
Total receipts	2,587	6,000	-	4,279	86,260	-
Disbursements:						
General government	409	6,000	-	2,366	123,797	-
Highways and streets	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	6,595	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	7,004	6,000	-	2,366	123,797	-
Excess (deficiency) of receipts over disbursements	(4,417)	-	-	1,913	(37,537)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	420	-
Total other financing sources (uses)	-	-	-	-	420	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,417)	-	-	1,913	(37,117)	-
Cash and investment fund balance - beginning	8,904	-	30	4,841	62,128	4,053
Cash and investment fund balance - ending	\$ 4,487	\$ -	\$ 30	\$ 6,754	\$ 25,011	\$ 4,053
Cash and Investment Assets - Ending						
Cash and investments	\$ 4,487	\$ -	\$ 30	\$ 6,754	\$ 25,011	\$ 4,053
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,487	\$ -	\$ 30	\$ 6,754	\$ 25,011	\$ 4,053
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	4,487	-	30	6,754	25,011	4,053
Total cash and investment fund balance - ending	\$ 4,487	\$ -	\$ 30	\$ 6,754	\$ 25,011	\$ 4,053

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, 2009
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Rivertown Trail	Edit Construction	Totals
Receipts:					
Taxes	\$ -	\$ 24,618	\$ -	\$ -	\$ 273,858
Licenses and permits	-	-	-	-	2,490
Intergovernmental	9,469	272	234,052	-	426,046
Charges for services	-	-	-	-	96,776
Fines and forfeits	-	-	-	-	2,011
Other	-	-	4,024	65	56,105
Total receipts	9,469	24,890	238,076	65	857,286
Disbursements:					
General government	-	-	186,927	92,808	446,265
Highways and streets	-	-	-	-	135,548
Debt service:					
Principal	-	-	-	-	125,000
Interest	-	-	-	-	38,410
Capital outlay:					
General government	-	23,980	136,328	381,120	581,850
Highways and streets	-	-	-	-	4,855
Total disbursements	-	23,980	323,255	473,928	1,331,928
Excess (deficiency) of receipts over disbursements	9,469	910	(85,179)	(473,863)	(474,642)
Other financing sources (uses):					
Transfers in	-	-	-	-	17,162
Transfers out	-	(627)	-	-	(627)
Other receipts	-	-	4,976	-	5,396
Total other financing sources (uses)	-	(627)	4,976	-	21,931
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,469	283	(80,203)	(473,863)	(452,711)
Cash and investment fund balance - beginning	15,505	39,250	81,450	824,444	1,164,737
Cash and investment fund balance - ending	\$ 24,974	\$ 39,533	\$ 1,247	\$ 350,581	\$ 712,026
Cash and Investment Assets - Ending					
Cash and investments	\$ 24,974	\$ -	\$ 1,247	\$ 350,581	\$ 665,394
Cash with fiscal agent	-	-	-	-	-
Restricted assets:					
Cash and investments	-	39,533	-	-	46,632
Total cash and investment assets - ending	\$ 24,974	\$ 39,533	\$ 1,247	\$ 350,581	\$ 712,026
Cash and Investment Fund Balance - Ending					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 7,099
Sanitation	-	-	-	-	-
Capital outlay	-	39,533	-	-	39,533
Unrestricted	24,974	-	1,247	350,581	665,394
Total cash and investment fund balance - ending	\$ 24,974	\$ 39,533	\$ 1,247	\$ 350,581	\$ 712,026

TOWN OF NEWBURGH
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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	\$ 542,612
Infrastructure	336,571
Buildings	4,049,461
Improvements other than buildings	1,332,520
Machinery and equipment	<u>1,633,360</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 7,894,524</u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 687,458
Capital assets, being depreciated:	
Buildings	48,432,613
Improvements other than buildings	438,545
Machinery and equipment	<u>2,427,542</u>
 Total business-type activities capital assets	 <u>\$ 51,986,158</u>

TOWN OF NEWBURGH
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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	\$ 82,972	\$ 18,827
Town hall	1,310,000	61,000
2007 police car	3,969	4,061
2010 police vehicles	62,000	32,396
Bonds payable:		
Revenue bonds:		
2008 EDIT	845,000	17,130
Total governmental activities debt	<u>\$ 2,303,941</u>	<u>\$ 133,414</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
1996 revenue	\$ 190,000	\$ 194,893
2002 revenue	3,875,000	289,245
2005 revenue	3,735,000	274,492
2008 revenue	7,430,000	359,538
State revolving loans:		
1998 series A	1,400,000	53,913
1999 series B	4,730,000	445,562
1999 series C	630,000	66,263
2001 series A	665,000	72,400
2009 loan	1,059,979	-
Total business-type activities debt	<u>\$ 23,714,979</u>	<u>\$ 1,756,306</u>

TOWN OF NEWBURGH
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$470.76 were paid to the Indiana Department of Workforce Development on May 29, 2008, for the period ending March 31, 2008.

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)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Local Road and Street	2008	<u>\$ 2,792</u>

IC 6-1.1-18-4 states, in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

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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, 2008 and 2009. 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 noncompliance 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, 2008 and 2009.

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, the Town Council, 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

April 19, 2010

TOWN OF NEWBURGH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<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)	\$ 50,587 253,961	\$ 1,430,107 4,374
Total for Program			<u>304,548</u>	<u>1,434,481</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Operation Pullover Seat Belt Enforcement	20.600	OP-08-01-02-05 OP-09-01-02-05 OP-10-02-02-11	7,570 1,025 -	- 3,075 1,250
Total for Program			<u>8,595</u>	<u>4,325</u>
Total for Federal Grantor Agency			<u>313,143</u>	<u>1,438,806</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grant for Clean Water State Revolving Funds	66.458	WW06598705	-	423,992
Pass-Through Indiana Finance Authority ARRA-Capitalization Grant for Clean Water State Revolving Funds	66.458	2W-00E73001-0	-	562,435
Total for Federal Grantor Agency			<u>-</u>	<u>986,427</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Grant Commercial Equipment Direct Assistance Program (CEDAP)	97.096	FY 08 CEDAP FY 09 CEDAP	19,000 -	- 10,000
Total for Program			<u>19,000</u>	<u>10,000</u>
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1795 1828	- -	53,344 99,907
Total for Program			<u>-</u>	<u>153,251</u>
Total for Federal Grantor Agency			<u>19,000</u>	<u>163,251</u>
Total Federal Awards Expended			<u>\$ 332,143</u>	<u>\$ 2,588,484</u>

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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
Commercial Equipment Direct Assistance Program (CEDAP)	97.096	\$ 19,000	\$ 10,000

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
Significant deficiencies 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
Significant deficiencies 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
20.205	Highway Planning and Construction
66.458	Capitalization Grant for Clean Water State Revolving Funds
66.458	ARRA – Capitalization Grant for Clean Water State Revolving Funds

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 April 19, 2010, with Rebecca J. Gentry, Clerk-Treasurer; Cynthia E. Burger, Town Manager; Shawn Mundy, Utility Office Manager; Susan Helms, Deputy Clerk-Treasurer; and Shari Sherman, President of the Town Council. The officials concurred with our audit findings.