

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF SCOTTSBURG
SCOTT COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
08/08/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janetta C. Hardy	01-01-08 to 12-31-15
Mayor	William H. Graham	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	William H. Graham	01-01-08 to 12-31-15
President of the Common Council	Ray Zollman Terry Amick	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water Utility	Lance Hounshell	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Jason Combs	01-01-11 to 12-31-12
Superintendent of Electric Utility	James Binkley	01-01-11 to 12-31-12
Utility Office Manager	Tonja Caudill	01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF SCOTTSBURG, SCOTT COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Scottsburg (City), for the year ended December 31, 2011. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 12, 2012, on our consideration of the City'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.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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

July 12, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF SCOTTSBURG, SCOTT COUNTY, INDIANA

We have audited the financial statement of the City of Scottsburg (City), for the year ended December 31, 2011, and have issued our report thereon dated July 12, 2012. 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 City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is 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 City's management, Common Council, others within the entity, 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

July 12, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF SCOTTSBURG
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 590,076	\$ 3,000,768	\$ 2,822,947	\$ 767,897
Motor Vehicle Highway	279,268	283,760	234,574	328,454
Local Road And Street	337,355	49,269	52,093	334,531
Econ & Industrial Development	47,456	94,944	-	142,400
Law Enforcement Continuing Ed	52,748	7,009	3,398	56,359
Parks And Recreation	59,573	204,223	231,735	32,061
Rainy Day	337,539	-	-	337,539
Levy Excess Prop Taxes	4,650	64,223	4,650	64,223
Cumulative Capital Development	437,446	92,104	261,062	268,488
Cumulative Fire	206,324	-	200,000	6,324
Cumulative Park	1,059	-	1,059	-
Cumulative Capital Improvement	116,218	17,346	-	133,564
SE Redevelopment Dist Cap	1,486,515	546,150	969,663	1,063,002
Non-Reverting Insurance Fund	156,652	726,957	458,493	425,116
Police Pension	661,636	174,707	191,232	645,111
Stormwater Retainage 2011	-	29,820	-	29,820
MAS Park	-	20,491	20,491	-
Bacala Center	-	10,000	4,483	5,517
Historic Review Board	180	40	-	220
Revolving Loan City/County	63,360	175,089	102,536	135,913
Rural Develop Revolving Loan	45,121	25,412	25,000	45,533
Scottsburg Heritage Station Depot	22,844	9,415	9,392	22,867
TIE Center EDA Grant 2009	191,168	1,462,026	1,357,546	295,648
Sburg Brownfield Grant 2009	-	46,325	46,325	-
Fed Asset Forfeiture	160,190	2,350	-	162,540
Drug Enforcement Grant 2009	9,561	18,880	479	27,962
Park Donation	8,000	-	-	8,000
Senior Youth Grant 2009	121,171	511,026	632,197	-
USDA Energy Training Grant 2010	208,295	208,432	416,727	-
Stray Light Cefdf Grant 2010	-	13,615	13,615	-
Interurban Maintenance Fund 2009	2,345	-	-	2,345
Ogle Grant 2010	367,220	-	359,790	7,430
TIE Center Retainage	305,555	-	261,685	43,870
Stormwater locra Grant Fund 2010	-	411,476	386,089	25,387
Linza Graham Park Fund	23,204	48,759	71,963	-
Operation Pullover	(730)	5,199	4,469	-
Police Donation	8,686	3,705	468	11,923
Brownfield Grant Fund	194,791	270	46,324	148,737
Safe Street Task Force	(2,356)	13,030	14,474	(3,800)
Casa - Cease	7,982	3,168	3,361	7,789
Local Asset Forfeiture	18,214	1,000	85	19,129
Senior/Yth Retainage	15,422	50,822	66,244	-
Site Option Fund 2009	30,000	-	30,000	-
Certified Tech Park	285,444	116,613	402,057	-
NW Redevelopment Dist Cap	353,758	865,532	412,870	806,420
Payroll	12,304	1	12,305	-
Payroll #2	-	4,176,895	4,176,763	132
Utility Payroll	-	2,157,123	2,157,123	-
Electric Petty Cash	-	400	-	400
Electric Utility - Operating	615,495	13,211,942	12,683,155	1,144,282
Electric Utility - Deprec/Improve	73,266	235	-	73,501
Electric Utility - Customer Deposit	86,129	83,385	55,110	114,404
Electric Utility - Construction	399,000	-	-	399,000
B/B Operating	171,503	1,001,679	1,081,605	91,577
Broadband Customer Deposits	24,174	9,110	6,085	27,199
WWTP Operating	136,715	1,291,866	1,178,993	249,588
Wastewater Utility - Construction	7,082	-	-	7,082
Water Operating	139,184	2,218,708	1,919,118	438,774
Water Bond & Interest	141,193	318,013	293,028	166,178
Water Utility - Depreciation/Improve	34,047	324	-	34,371
Water Meter Deposits	45,228	81,282	61,757	64,753
Water Utility - Other #1	-	60,000	-	60,000
Water Debt Service Reserve	291,563	-	-	291,563
Totals	\$ 9,390,823	\$ 33,924,918	\$ 33,744,618	\$ 9,571,123

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

CITY OF SCOTTSBURG
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of 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, water, wastewater, electric, trash, broadband, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the

CITY OF SCOTTSBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF SCOTTSBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF SCOTTSBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the City 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.

Note 5. Risk Management

The City may be 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, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement any replacement items purchased.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

CITY OF SCOTTSBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

CITY OF SCOTTSBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

Note 7. Contingent Liability

A claim against the City was made by Borg-Warner on August 13, 2010, for proceeds from the sale of real estate previously deeded to the City of Scottsburg by Borg-Warner. Settlement of the claim has not been accomplished to date because of disputes with Borg-Warner as to the expenses that may be deducted from the net proceeds of the sale before payment to Borg-Warner. The approximate liability to the City for this claim is \$273,000.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF SCOTTSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Econ & Industrial Development	Law Enforcement Continuing Ed	Parks And Recreation	Rainy Day	Levy Excess Prop Taxes
Cash and investments - beginning	\$ 590,076	\$ 279,268	\$ 337,355	\$ 47,456	\$ 52,748	\$ 59,573	\$ 337,539	\$ 4,650
Receipts:								
Taxes	1,451,700	114,266	-	-	-	171,174	-	-
Licenses and permits	350	-	-	-	2,790	-	-	-
Intergovernmental	988,081	166,317	31,269	-	-	9,695	-	-
Charges for services	437,166	1,620	18,000	-	4,219	12,805	-	-
Fines and forfeits	47,865	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	75,606	1,557	-	94,944	-	10,549	-	64,223
Total receipts	3,000,768	283,760	49,269	94,944	7,009	204,223	-	64,223
Disbursements:								
Personal services	1,603,303	150,497	-	-	-	139,369	-	-
Supplies	152,607	43,172	-	-	-	26,720	-	-
Other services and charges	893,850	34,546	52,093	-	3,398	52,338	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	26,743	2,345	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	146,444	4,014	-	-	-	13,308	-	4,650
Total disbursements	2,822,947	234,574	52,093	-	3,398	231,735	-	4,650
Excess (deficiency) of receipts over disbursements	177,821	49,186	(2,824)	94,944	3,611	(27,512)	-	59,573
Cash and investments - ending	\$ 767,897	\$ 328,454	\$ 334,531	\$ 142,400	\$ 56,359	\$ 32,061	\$ 337,539	\$ 64,223

CITY OF SCOTTSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Capital Development	Cumulative Fire	Cumulative Park	Cumulative Capital Improvement	SE Redevelopment Dist Cap	Non-Reverting Insurance Fund	Police Pension	Stormwater Retainage 2011
Cash and investments - beginning	\$ 437,446	\$ 206,324	\$ 1,059	\$ 116,218	\$ 1,486,515	\$ 156,652	\$ 661,636	\$ -
Receipts:								
Taxes	87,167	-	-	-	467,490	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	4,937	-	-	17,346	-	-	166,734	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	78,660	726,957	7,973	29,820
Total receipts	92,104	-	-	17,346	546,150	726,957	174,707	29,820
Disbursements:								
Personal services	-	-	-	-	-	-	179,232	-
Supplies	-	-	-	-	1,068	-	-	-
Other services and charges	-	-	-	-	65,590	458,493	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	258,000	200,000	-	-	4,069	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	3,062	-	1,059	-	898,936	-	12,000	-
Total disbursements	261,062	200,000	1,059	-	969,663	458,493	191,232	-
Excess (deficiency) of receipts over disbursements	(168,958)	(200,000)	(1,059)	17,346	(423,513)	268,464	(16,525)	29,820
Cash and investments - ending	\$ 268,488	\$ 6,324	\$ -	\$ 133,564	\$ 1,063,002	\$ 425,116	\$ 645,111	\$ 29,820

CITY OF SCOTTSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	MAS Park	Bacala Center	Historic Review Board	Revolving Loan City/County	Rural Develop Revolving Loan	Scottsburg Heritage Station Depot	TIE Center EDA Grant 2009	Sburg Brownfield Grant 2009
Cash and investments - beginning	\$ -	\$ -	\$ 180	\$ 63,360	\$ 45,121	\$ 22,844	\$ 191,168	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	40	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	558,607	-
Charges for services	-	-	-	-	-	9,415	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	20,491	10,000	-	175,089	25,412	-	903,419	46,325
Total receipts	20,491	10,000	40	175,089	25,412	9,415	1,462,026	46,325
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	2,006	-	-
Other services and charges	6,886	4,483	-	-	25,000	6,536	-	46,055
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,357,546	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	13,605	-	-	102,536	-	850	-	270
Total disbursements	20,491	4,483	-	102,536	25,000	9,392	1,357,546	46,325
Excess (deficiency) of receipts over disbursements	-	5,517	40	72,553	412	23	104,480	-
Cash and investments - ending	\$ -	\$ 5,517	\$ 220	\$ 135,913	\$ 45,533	\$ 22,867	\$ 295,648	\$ -

CITY OF SCOTTSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Fed Asset Forfeiture	Drug Enforcement Grant 2009	Park Donation	Senior Youth Grant 2009	USDA Energy Training Grant 2010	Stray Light Cedf Grant 2010	Interurban Maintenance Fund 2009	Ogle Grant 2010
Cash and investments - beginning	\$ 160,190	\$ 9,561	\$ 8,000	\$ 121,171	\$ 208,295	\$ -	\$ 2,345	\$ 367,220
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	18,880	-	382,443	200,000	13,615	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	154	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	2,196	-	-	128,583	8,432	-	-	-
Total receipts	<u>2,350</u>	<u>18,880</u>	<u>-</u>	<u>511,026</u>	<u>208,432</u>	<u>13,615</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	-	479	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	581,376	416,727	13,615	-	359,790
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	50,821	-	-	-	-
Total disbursements	<u>-</u>	<u>479</u>	<u>-</u>	<u>632,197</u>	<u>416,727</u>	<u>13,615</u>	<u>-</u>	<u>359,790</u>
Excess (deficiency) of receipts over disbursements	<u>2,350</u>	<u>18,401</u>	<u>-</u>	<u>(121,171)</u>	<u>(208,295)</u>	<u>-</u>	<u>-</u>	<u>(359,790)</u>
Cash and investments - ending	<u>\$ 162,540</u>	<u>\$ 27,962</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,345</u>	<u>\$ 7,430</u>

CITY OF SCOTTSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	TIE Center Retainage	Stormwater locra Grant Fund 2010	Linza Graham Park Fund	Operation Pullover	Police Donation	Brownfield Grant Fund	Safe Street Task Force	Casa - Cease
Cash and investments - beginning	\$ 305,555	\$ -	\$ 23,204	\$ (730)	\$ 8,686	\$ 194,791	\$ (2,356)	\$ 7,982
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	411,476	48,759	-	-	-	13,030	-
Charges for services	-	-	-	5,199	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	3,705	270	-	3,168
Total receipts	-	411,476	48,759	5,199	3,705	270	13,030	3,168
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	4,469	468	-	14,474	3,361
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	211,665	356,269	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	50,020	29,820	71,963	-	-	46,324	-	-
Total disbursements	261,685	386,089	71,963	4,469	468	46,324	14,474	3,361
Excess (deficiency) of receipts over disbursements	(261,685)	25,387	(23,204)	730	3,237	(46,054)	(1,444)	(193)
Cash and investments - ending	\$ 43,870	\$ 25,387	\$ -	\$ -	\$ 11,923	\$ 148,737	\$ (3,800)	\$ 7,789

CITY OF SCOTTSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Local Asset Forfeiture	Senior/ Yth Retainage	Site Option Fund 2009	Certified Tech Park	NW Redevelopment Dist Cap	Payroll	Payroll #2	Utility Payroll
Cash and investments - beginning	\$ 18,214	\$ 15,422	\$ 30,000	\$ 285,444	\$ 353,758	\$ 12,304	\$ -	\$ -
Receipts:								
Taxes	-	-	-	66,613	843,250	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	1,000	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	50,822	-	50,000	22,282	1	4,176,895	2,157,123
Total receipts	1,000	50,822	-	116,613	865,532	1	4,176,895	2,157,123
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	26	-	-	-
Other services and charges	85	-	-	402,057	96,326	-	-	-
Debt service - principal and interest	-	-	-	-	198,000	-	-	-
Capital outlay	-	66,244	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	30,000	-	118,518	12,305	4,176,763	2,157,123
Total disbursements	85	66,244	30,000	402,057	412,870	12,305	4,176,763	2,157,123
Excess (deficiency) of receipts over disbursements	915	(15,422)	(30,000)	(285,444)	452,662	(12,304)	132	-
Cash and investments - ending	\$ 19,129	\$ -	\$ -	\$ -	\$ 806,420	\$ -	\$ 132	\$ -

CITY OF SCOTTSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Electric Petty Cash	Electric Utility - Operating	Electric Utility - Deprec/Improve	Electric Utility - Customer Deposit	Electric Utility - Construction	B/B Operating	Broadband Customer Deposits	WWTP Operating
Cash and investments - beginning	\$ -	\$ 615,495	\$ 73,266	\$ 86,129	\$ 399,000	\$ 171,503	\$ 24,174	\$ 136,715
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	82	-	-	-	-	-	-
Charges for services	-	-	-	-	-	969,720	-	-
Fines and forfeits	-	-	-	-	-	13,360	9,110	-
Utility fees	-	12,570,294	-	83,385	-	-	-	1,277,808
Other receipts	400	641,566	235	-	-	18,599	-	14,058
Total receipts	400	13,211,942	235	83,385	-	1,001,679	9,110	1,291,866
Disbursements:								
Personal services	-	-	-	-	-	373,933	-	-
Supplies	-	-	-	-	-	65,600	-	-
Other services and charges	-	-	-	-	-	246,061	-	-
Debt service - principal and interest	-	143,831	-	-	-	187,178	-	-
Capital outlay	-	127,720	-	-	-	113,091	-	58,433
Utility operating expenses	-	12,126,140	-	-	-	-	-	1,073,361
Other disbursements	-	285,464	-	55,110	-	95,742	6,085	47,199
Total disbursements	-	12,683,155	-	55,110	-	1,081,605	6,085	1,178,993
Excess (deficiency) of receipts over disbursements	400	528,787	235	28,275	-	(79,926)	3,025	112,873
Cash and investments - ending	\$ 400	\$ 1,144,282	\$ 73,501	\$ 114,404	\$ 399,000	\$ 91,577	\$ 27,199	\$ 249,588

CITY OF SCOTTSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Utility - Construction	Water Operating	Water Bond & Interest	Water Utility - Depreciation/Improve	Water Meter Deposits	Water Utility - Other #1	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 7,082	\$ 139,184	\$ 141,193	\$ 34,047	\$ 45,228	\$ -	\$ 291,563	\$ 9,390,823
Receipts:								
Taxes	-	-	-	-	-	-	-	3,201,660
Licenses and permits	-	-	-	-	-	-	-	3,180
Intergovernmental	-	-	-	-	-	-	-	3,031,271
Charges for services	-	-	-	-	-	-	-	1,458,144
Fines and forfeits	-	-	-	-	-	-	-	71,489
Utility fees	-	2,182,837	-	-	81,282	-	-	16,195,606
Other receipts	-	35,871	318,013	324	-	60,000	-	9,963,568
Total receipts	-	2,218,708	318,013	324	81,282	60,000	-	33,924,918
Disbursements:								
Personal services	-	-	-	-	-	-	-	2,446,813
Supplies	-	-	-	-	-	-	-	291,199
Other services and charges	-	-	-	-	-	-	-	2,416,569
Debt service - principal and interest	-	212,451	293,028	-	-	-	-	1,034,488
Capital outlay	-	73,707	-	-	-	-	-	4,227,340
Utility operating expenses	-	1,254,935	-	-	-	-	-	14,454,436
Other disbursements	-	378,025	-	-	61,757	-	-	8,873,773
Total disbursements	-	1,919,118	293,028	-	61,757	-	-	33,744,618
Excess (deficiency) of receipts over disbursements	-	299,590	24,985	324	19,525	60,000	-	180,300
Cash and investments - ending	\$ 7,082	\$ 438,774	\$ 166,178	\$ 34,371	\$ 64,753	\$ 60,000	\$ 291,563	\$ 9,571,123

CITY OF SCOTTSBURG
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 7,278	\$ 337,021
Electric	22,696	165,346
Internet	18,173	10,612
Wastewater	48,352	31,483
Water	61,217	30,035
Totals	\$ 157,716	\$ 574,497

CITY OF SCOTTSBURG
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Internet: BroadbandTowers	35 Tower Rentals	\$ 61,903	01-01-11	12-31-11
Water: Midwest	Ditch Witch	15,983	04-10-09	04-10-12
Total of annual lease payments		<u>\$ 77,886</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds	Lease Rental Bond	\$ 373,282	\$ 100,000
Water:			
Revenue bonds	Water Utility Bonds USDA Series A	1,585,000	84,325
Revenue bonds	Water Utility Bonds USDA Series B	476,000	31,420
Revenue bonds	State Revolving Loan #1	1,269,000	147,801
Revenue bonds	State Revolving Loan #2	<u>346,086</u>	<u>44,905</u>
Total Water		<u>3,676,086</u>	<u>308,451</u>
Totals		<u>\$ 4,049,368</u>	<u>\$ 408,451</u>

CITY OF SCOTTSBURG
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 3,829,974
Infrastructure	10,959,744
Buildings	6,511,486
Improvements other than buildings	3,034,339
Machinery, equipment and vehicles	4,384,846
Construction in progress	8,317,560
Total governmental activities	37,037,949
Electric:	
Infrastructure	6,360,000
Buildings	1,077,981
Improvements other than buildings	51,157
Machinery, equipment and vehicles	948,316
Total Electric	8,437,454
Internet:	
Infrastructure	774,150
Machinery, equipment and vehicles	94,939
Total Internet	869,089
Wastewater:	
Infrastructure	4,733,502
Buildings	1,363,000
Improvements other than buildings	2,002,211
Machinery, equipment and vehicles	1,679,038
Total Wastewater	9,777,751
Water:	
Infrastructure	6,406,533
Buildings	6,481,936
Improvements other than buildings	1,790,947
Machinery, equipment and vehicles	961,220
Total Water	15,640,636
Total capital assets	\$ 71,762,879

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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF SCOTTSBURG, SCOTT COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Scottsburg (City) 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 year ended December 31, 2011. The City'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 City's management. Our responsibility is to express an opinion on the City'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 City'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 City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City 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 City'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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

July 12, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF SCOTTSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct			
ARRA - Community Facilities Loans and Grants Solar and Green Technology Training Equipment	10.780	IN-702-97-03	\$ 200,000
Total for federal grantor agency			<u>200,000</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct			
Economic Development Cluster ARRA - Economic Adjustment Assistance Technology, Innovation and Entrepreneurship (TIE) Center Project	11.307	EDA#06-79-73010	558,606
Economic Adjustment Assistance Loan Program	11.307	06-39-02499/06-19-02674	448,816
Total for program			<u>448,816</u>
Total for federal grantor agency			<u>1,007,422</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs			
Community Development Block Grants - State Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Storm water Improvements Project Senior and Youth Center Rehabilitation Project Stray Light Optical Technologies, Inc. - Capital Equipment Purchase	14.228	DR2-09-114 CF-09-218 DR2-09-074	411,476 382,443 13,615
Total for federal grantor agency			<u>807,534</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Pass-Through Indiana Department of Natural Resources			
Outdoor Recreation - Acquisition, Development and Planning Linza Graham Park Improvements Project	15.916	LWCF-18-00560	48,759
Total for federal grantor agency			<u>48,759</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct			
JAG Program Cluster ARRA - Edward Byrne Memorial Justice Grant (JAG) Program/ Grants to Units of Local Government Drug Enforcement Grant 2009	16.804	2009-SB-B9-2720	479
Total for federal grantor agency			<u>479</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster Safety Belt Performance Grants Operation Pullover	20.609	PT-11-04-04-45	4,469
Total for federal grantor agency			<u>4,469</u>
Total federal awards expended			<u>\$ 2,068,663</u>

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

CITY OF SCOTTSBURG
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Scottsburg (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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.

Note 2. Loans Outstanding

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2011. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011
Economic and Industrial Development	11.307	\$ 326,494

CITY OF SCOTTSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to the financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	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
10.780	ARRA – Community Facilities Loans and Grants Community Development Block Grants – State Administered CDBG Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF SCOTTSBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF SCOTTSBURG
EXIT CONFERENCE

The contents of this report were discussed on July 12, 2012, with William H. Graham, Mayor; Janetta C. Hardy, Clerk-Treasurer; and Terry Amick, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.