

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

EXAMINATION REPORT  
OF  
CITY OF PRINCETON  
GIBSON COUNTY, INDIANA  
January 1, 2009 to December 31, 2009



**FILED**  
04/12/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt .....	8
Examination Result and Comment:	
Overdrawn Fund Balances .....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jayne Deckard	01-01-08 to 12-31-11
Mayor	Robert J. Hurst	01-01-08 to 12-31-11
President of the Common Council	Katherine Cowling	01-01-09 to 12-31-11
Superintendent of Water Distribution	J.B. Brines	01-01-09 to 12-31-11
Superintendent of Water Treatment	Dennis Gray	01-01-09 to 12-31-11
Superintendent of Wastewater Utility	Charles Woodruff	01-01-09 to 12-31-11



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF PRINCETON, GIBSON COUNTY, INDIANA

We have examined the financial information presented herein of the City of Princeton (City), for the period of January 1, 2009 to December 31, 2009. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

March 7, 2011

CITY OF PRINCETON  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 903,677	\$ 2,295,291	\$ 2,366,501	\$ 832,467
Motor Vehicle Highway	344,698	590,474	409,154	526,018
Local Road and Street	20,469	32,297	30,000	22,766
Park and Recreation	365,264	312,095	394,001	283,358
Economic Development Income Tax	2,376,207	533,131	1,804,808	1,104,530
Law Enforcement Continuing Education	22,140	16,602	990	37,752
Planning Commission	36,258	33,457	40,276	29,439
Building Demolition	133,864	11,683	65,411	80,136
Federal Seizure	19,170	20,875	39,666	379
Police Narcotics	2,196	500	-	2,696
Donation	16,599	10,132	15,162	11,569
Police K-9	1,388	-	-	1,388
USDA Redevelopment Grant	15,419	21,081	10,000	26,500
GCARC Federal Grant	907	-	907	-
Comprehensive Planning Grant	-	50,000	50,000	-
I-69 Federal Grant	-	47,500	47,500	-
Rainy Day	270,718	33,878	97,634	206,962
Fire Station	91,372	136,966	181,000	47,338
Fire Truck	(1,522)	69,869	32,212	36,135
Cumulative Capital Improvement	96,228	25,077	-	121,305
Cumulative Capital Development	20,614	57,629	75,000	3,243
<b>Proprietary Funds:</b>				
Water Utility - Operating	(47,144)	1,570,881	1,744,645	(220,908)
Water Utility - Clearing House	2,101	3,544,824	3,542,428	4,497
Water Utility - Bond and Interest	112,211	375,000	371,885	115,326
Water Utility - Debt Service Reserve	386,285	-	-	386,285
Water Utility - Customer Deposit	198,375	39,366	36,995	200,746
Water Utility - Boshoku IEDC Water Grant	(6,684)	-	29,347	(36,031)
Water Utility - Construction	402,608	2,182	404,404	386
Water Utility - Improvement	8,244	-	8,244	-
Wastewater Utility - Operating	338,376	1,763,945	1,923,700	178,621
Wastewater Utility - Bond and Interest	126,491	345,055	323,903	147,643
Wastewater Utility - Debt Service Reserve	199,500	-	-	199,500
Wastewater Utility - Boshoku IOCRA Federal Grant	-	96,010	96,010	-
Wastewater Utility - Improvement	1,036,405	-	-	1,036,405
<b>Fiduciary Funds:</b>				
Police Pension	594,357	350,685	256,351	688,691
Fire Pension	533,822	250,122	181,681	602,263
Insurance Trust	46,587	907,565	870,578	83,574
Payroll	134,569	3,157,430	3,284,925	7,074
<b>Totals</b>	<u>\$ 8,801,769</u>	<u>\$ 16,701,602</u>	<u>\$ 18,735,318</u>	<u>\$ 6,768,053</u>

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

CITY OF PRINCETON  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes 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.

CITY OF PRINCETON  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City 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 this 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 members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That 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 and Annual Pension Cost

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

Note 7. Subsequent Events

On March 30, 2010, the City issued its Waterworks Revenue Bonds of 2010 (SRF loan) in the amount of \$2,866,000, which along with a Community Development Block Grant in the amount of \$2,430,400, provides funding for the water utility system improvements beginning in 2010.

On March 30, 2010, the City issued Taxable Waterworks Revenue Bonds in the amount of \$181,097 to fund the Debt Service Requirements for the other 2010 bond issue.

On July 1, 2010, the City has entered into a capital lease for additional water improvement projects in the amount of \$2,372,732.

CITY OF PRINCETON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 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.

General infrastructure assets completed in the current and prior years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 127,997
Infrastructure	2,316,402
Buildings	1,550,711
Improvements other than buildings	2,184,964
Machinery and equipment	<u>1,896,537</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 8,076,611</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 147,450
Buildings	1,943,684
Improvements other than buildings	4,023,515
Machinery and equipment	<u>312,258</u>
 Total Water Utility capital assets	 <u>6,426,907</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	13,592,047
Buildings	3,053,888
Improvements other than buildings	7,121,583
Machinery and equipment	<u>4,295,782</u>
 Total Wastewater Utility capital assets	 <u>28,063,300</u>
 Total business-type activities capital assets	 <u>\$ 34,490,207</u>

CITY OF PRINCETON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Street Sweeper	\$ 28,961	\$ 30,374
Sanitation Truck	49,758	26,602
Police Vehicles	76,809	54,004
Fire Station	170,000	179,000
Sewer Lease paid from EDIT	1,465,000	209,500
Bonds payable:		
General obligation bonds:		
Fire Truck	<u>35,000</u>	<u>35,788</u>
Total governmental activities debt	<u>\$ 1,825,528</u>	<u>\$ 535,268</u>
Business-type activities:		
Water Utility		
Revenue bonds:		
2002 Waterworks Refunding Bonds	\$ 475,000	\$ 166,808
2005 Waterworks Refunding Bonds	2,885,000	204,156
Bond Anticipation Notes	<u>600,000</u>	<u>608,631</u>
Total Water Utility	<u>3,960,000</u>	<u>979,595</u>
Wastewater Utility		
Revenue bonds:		
2003 Wastewater Refunding Bonds	<u>1,045,000</u>	<u>216,288</u>
Total business-type activities debt	<u>\$ 5,005,000</u>	<u>\$ 1,195,883</u>

CITY OF PRINCETON  
EXAMINATION RESULT AND COMMENT

OVERDRAWN FUND BALANCES (Applies to Water Utility)

The Water Utility - Operating Fund and Water Utility - Boshoku IEDC Water Grant Fund were overdrawn in 2009.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF PRINCETON  
EXIT CONFERENCE

The contents of this report were discussed on March 7, 2011, with Robert J. Hurst, Mayor, and Jayne Deckard, Clerk-Treasurer.