

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

ANNUAL FINANCIAL REPORT

2010

CITY OF PRINCETON

GIBSON COUNTY, INDIANA



FILED
06/03/2011

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SCHEDULE OF 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	01-01-10 to 12-31-11
Superintendent of Water Distribution	J.B. Brines	01-01-10 to 12-31-11
Superintendent of Water Treatment	Dennis Gray	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Charles Woodruff	01-01-10 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

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

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

We have audited the accompanying financial statement(s) of the City of Princeton (City), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the City's management. Our responsibility is to express opinions on these financial statement(s) 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(s) are 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(s). 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(s).

As discussed in Note 1, the City prepares its financial statement(s) 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. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) 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, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 20, 2011, 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.

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

Our audit was conducted for the purpose of forming an opinion on the financial statement(s) that collectively comprise the City's financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement(s) 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, 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 20, 2011



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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 CITY OF PRINCETON, GIBSON COUNTY, INDIANA

We have audited the financial statement(s) of the City of Princeton (City), for the year ended December 31, 2010, and have issued our report thereon dated April 20, 2011. 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(s) on the financial statement(s), 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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(s) will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1 to be material weaknesses.

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 City's financial statement(s) 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.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common 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 20, 2011

FINANCIAL STATEMENT(S)

CITY OF PRINCETON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 832,467	\$ 2,291,355	\$ 2,646,334	\$ 477,488
Motor Vehicle Highway	526,017	492,487	679,429	339,075
Local Road And Street	22,766	31,917	30,000	24,683
Donation Fund	11,569	35,634	45,742	1,461
Demolition Of Building	80,136	64,777	117,014	27,899
Planning Commission	29,439	34,440	41,086	22,793
Law Enforcement Continuing Education	37,751	4,103	12,307	29,547
Boshoku IECD Water Grant	(36,031)	43,319	-	7,288
Police Narcotic Fund	2,697	-	1,750	947
Federal Seizure Fund	379	-	-	379
Park And Recreation	283,358	321,663	386,840	218,181
USDA Redevelopment (Federal)	26,499	17,280	30,000	13,779
Downtown Revitalization	-	49,500	49,500	-
I-69 Federal Grant	-	2,500	2,500	-
Rainy Day	206,962	39,943	150,000	96,905
Police K-9	1,388	-	-	1,388
Fire Territory Operating	-	1,091,481	-	1,091,481
Fire Station Fund	47,338	116,507	179,000	(15,155)
Fire Equipment Fund	36,134	29,024	35,788	29,370
Cumulative Capital Development	3,243	50,844	46,544	7,543
Cumulative Capital Improvement	121,305	23,949	-	145,254
Edit Distribution	1,104,530	941,948	860,490	1,185,988
Fire Territory Equipment Fund	-	90,127	-	90,127
Police Pension	688,691	240,200	250,370	678,521
Fire Pension	602,263	226,682	183,511	645,434
Payroll	7,074	3,382,519	3,379,829	9,764
Insurance Trust Fund	83,574	908,781	936,317	56,038
Sewage Operating	178,621	2,099,289	2,269,867	8,043
Sewage Bond & Interest	147,643	523,776	427,888	243,531
Sewage Improvement Fund	1,036,405	2,721	180,000	859,126
Sewage Debt Service Reserve	199,500	-	-	199,500
Water Operating	(220,908)	1,986,937	2,195,937	(429,908)
1992 Water Bond & Interest	115,326	407,500	373,064	149,762
2010 Water Bond & Interest	-	127,494	7,081	120,413
Guarantee Meter	200,745	35,636	32,203	204,178
Water Treatment Plant Construction	386	1,979,094	1,979,094	386
SRF Water Construction	-	1,623,986	1,623,986	-
Clearing House Account	4,497	4,118,840	4,116,603	6,734
ONB/Johnson Controls	-	94,861	300	94,561
Water Debt Service Reserve	386,285	-	-	386,285
2010 Water Debt Service Reserve	-	181,124	-	181,124
Totals	<u>\$ 6,768,049</u>	<u>\$ 23,712,238</u>	<u>\$ 23,270,374</u>	<u>\$ 7,209,913</u>

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

CITY OF PRINCETON
NOTES TO FINANCIAL STATEMENT(S)

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, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts may include, but are not limited to, 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.

CITY OF PRINCETON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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 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 statements. The aggregate disbursements may include, but are not limited to, 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.

CITY OF PRINCETON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

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 PRINCETON
NOTES TO FINANCIAL STATEMENT(S)
(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 and replacement items purchased.

Note 6. Pension Plan(s)

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 PERF 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.

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

CITY OF PRINCETON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Funding Policy and Annual Pension Cost

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

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 Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' 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 36-8-7). 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 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF PRINCETON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 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 Employees' Retirement Plan (PERF) 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.

PERF 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

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Princeton's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF PRINCETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Motor Vehicle Highway	Local Road And Street	Donation Fund	Demolition Of Building	Planning Commission
Cash and investments - beginning	\$ 832,467	\$ 526,017	\$ 22,766	\$ 11,569	\$ 80,136	\$ 29,439
Receipts:						
Taxes	1,369,062	201,131	-	-	9,067	23,869
Licenses and permits	-	-	-	-	-	7,884
Intergovernmental	237,064	282,388	31,917	-	1,019	2,685
Charges for services	486,805	8,351	-	-	-	-
Fines and forfeits	5,088	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	193,336	617	-	35,634	54,691	2
Total receipts	<u>2,291,355</u>	<u>492,487</u>	<u>31,917</u>	<u>35,634</u>	<u>64,777</u>	<u>34,440</u>
Disbursements:						
Personal services	1,942,341	306,600	-	-	-	36,588
Supplies	167,694	66,054	-	35,226	-	2,944
Other services and charges	418,962	260,875	30,000	-	117,014	1,554
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	2,500	45,900	-	10,516	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	114,837	-	-	-	-	-
Total disbursements	<u>2,646,334</u>	<u>679,429</u>	<u>30,000</u>	<u>45,742</u>	<u>117,014</u>	<u>41,086</u>
Excess (deficiency) of receipts over disbursements	<u>(354,979)</u>	<u>(186,942)</u>	<u>1,917</u>	<u>(10,108)</u>	<u>(52,237)</u>	<u>(6,646)</u>
Cash and investments - ending	<u>\$ 477,488</u>	<u>\$ 339,075</u>	<u>\$ 24,683</u>	<u>\$ 1,461</u>	<u>\$ 27,899</u>	<u>\$ 22,793</u>

CITY OF PRINCETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Law Enforcement Continuing Education	Boshoku IEDC Water Grant	Police Narcotic Fund	Federal Seizure Fund	Park And Recreation	USDA Redevelopment (Federal)
Cash and investments - beginning	\$ 37,751	\$ (36,031)	\$ 2,697	\$ 379	\$ 283,358	\$ 26,499
Receipts:						
Taxes	-	-	-	-	136,925	-
Licenses and permits	4,103	-	-	-	-	-
Intergovernmental	-	43,319	-	-	15,400	17,280
Charges for services	-	-	-	-	120,471	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	48,867	-
Total receipts	<u>4,103</u>	<u>43,319</u>	<u>-</u>	<u>-</u>	<u>321,663</u>	<u>17,280</u>
Disbursements:						
Personal services	-	-	-	-	231,766	-
Supplies	-	-	-	-	82,588	-
Other services and charges	-	-	-	-	63,312	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	8,909	30,000
Utility operating expenses	-	-	-	-	-	-
Other disbursements	12,307	-	1,750	-	265	-
Total disbursements	<u>12,307</u>	<u>-</u>	<u>1,750</u>	<u>-</u>	<u>386,840</u>	<u>30,000</u>
Excess (deficiency) of receipts over disbursements	<u>(8,204)</u>	<u>43,319</u>	<u>(1,750)</u>	<u>-</u>	<u>(65,177)</u>	<u>(12,720)</u>
Cash and investments - ending	<u>\$ 29,547</u>	<u>\$ 7,288</u>	<u>\$ 947</u>	<u>\$ 379</u>	<u>\$ 218,181</u>	<u>\$ 13,779</u>

CITY OF PRINCETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Downtown Revitalization	I-69 Federal Grant	Rainy Day	Police K-9	Fire Territory Operating	Fire Station Fund
Cash and investments - beginning	\$ -	\$ -	\$ 206,962	\$ 1,388	\$ -	\$ 47,338
Receipts:						
Taxes	-	-	-	-	1,026,040	104,729
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,500	39,943	-	65,441	11,778
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	49,500	-	-	-	-	-
Total receipts	<u>49,500</u>	<u>2,500</u>	<u>39,943</u>	<u>-</u>	<u>1,091,481</u>	<u>116,507</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	2,500	-	-	-	179,000
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	49,500	-	150,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>49,500</u>	<u>2,500</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>179,000</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(110,057)</u>	<u>-</u>	<u>1,091,481</u>	<u>(62,493)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,905</u>	<u>\$ 1,388</u>	<u>\$ 1,091,481</u>	<u>\$ (15,155)</u>

CITY OF PRINCETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fire Equipment Fund	Cumulative Capital Development	Cumulative Capital Improvement	Edit Distribution	Fire Territory Equipment Fund	Police Pension
Cash and investments - beginning	\$ 36,134	\$ 3,243	\$ 121,305	\$ 1,104,530	\$ -	\$ 688,691
Receipts:						
Taxes	26,090	45,703	-	-	84,723	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,934	5,140	23,936	935,868	5,404	234,665
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	1	13	6,080	-	5,535
Total receipts	<u>29,024</u>	<u>50,844</u>	<u>23,949</u>	<u>941,948</u>	<u>90,127</u>	<u>240,200</u>
Disbursements:						
Personal services	-	-	-	-	-	250,244
Supplies	-	-	-	-	-	-
Other services and charges	35,788	-	-	246,934	-	126
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	613,556	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	46,544	-	-	-	-
Total disbursements	<u>35,788</u>	<u>46,544</u>	<u>-</u>	<u>860,490</u>	<u>-</u>	<u>250,370</u>
Excess (deficiency) of receipts over disbursements	<u>(6,764)</u>	<u>4,300</u>	<u>23,949</u>	<u>81,458</u>	<u>90,127</u>	<u>(10,170)</u>
Cash and investments - ending	<u>\$ 29,370</u>	<u>\$ 7,543</u>	<u>\$ 145,254</u>	<u>\$ 1,185,988</u>	<u>\$ 90,127</u>	<u>\$ 678,521</u>

CITY OF PRINCETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fire Pension	Payroll	Insurance Trust Fund	Sewage Operating	Sewage Bond & Interest	Sewage Improvement Fund
Cash and investments - beginning	\$ 602,263	\$ 7,074	\$ 83,574	\$ 178,621	\$ 147,643	\$ 1,036,405
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	221,790	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	1,751,143	-	-
Penalties	-	-	-	29,850	-	-
Other receipts	4,892	3,382,519	908,781	318,296	523,776	2,721
Total receipts	<u>226,682</u>	<u>3,382,519</u>	<u>908,781</u>	<u>2,099,289</u>	<u>523,776</u>	<u>2,721</u>
Disbursements:						
Personal services	183,405	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	106	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	216,288	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	1,604,545	210,500	-
Other disbursements	-	3,379,829	936,317	665,322	1,100	180,000
Total disbursements	<u>183,511</u>	<u>3,379,829</u>	<u>936,317</u>	<u>2,269,867</u>	<u>427,888</u>	<u>180,000</u>
Excess (deficiency) of receipts over disbursements	<u>43,171</u>	<u>2,690</u>	<u>(27,536)</u>	<u>(170,578)</u>	<u>95,888</u>	<u>(177,279)</u>
Cash and investments - ending	<u>\$ 645,434</u>	<u>\$ 9,764</u>	<u>\$ 56,038</u>	<u>\$ 8,043</u>	<u>\$ 243,531</u>	<u>\$ 859,126</u>

CITY OF PRINCETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sewage Debt Service Reserve	Water Operating	2002 & 2005 Water Bond & Interest	2010 Water Bond & Interest	Guarantee Meter	Water Treatment Plant Construction
Cash and investments - beginning	\$ 199,500	\$ (220,908)	\$ 115,326	\$ -	\$ 200,745	\$ 386
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,857,818	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	129,119	407,500	127,494	35,636	1,979,094
Total receipts	-	1,986,937	407,500	127,494	35,636	1,979,094
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	370,964	7,081	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	1,385,662	-	-	32,203	-
Other disbursements	-	810,275	2,100	-	-	1,979,094
Total disbursements	-	2,195,937	373,064	7,081	32,203	1,979,094
Excess (deficiency) of receipts over disbursements	-	(209,000)	34,436	120,413	3,433	-
Cash and investments - ending	\$ 199,500	\$ (429,908)	\$ 149,762	\$ 120,413	\$ 204,178	\$ 386

CITY OF PRINCETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	SRF Water Construction	Clearing House Account	ONB/Johnson Controls	Water Debt Service Reserve	2010 Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ -	\$ 4,497	\$ -	\$ 386,285	\$ -	\$ 6,768,049
Receipts:						
Taxes	-	-	-	-	-	3,027,339
Licenses and permits	-	-	-	-	-	11,987
Intergovernmental	-	-	-	-	-	2,180,471
Charges for services	-	-	-	-	-	615,627
Fines and forfeits	-	-	-	-	-	5,088
Utility fees	-	-	-	-	-	3,608,961
Penalties	-	-	-	-	-	29,850
Other receipts	1,623,986	4,118,840	94,861	-	181,124	14,232,915
Total receipts	1,623,986	4,118,840	94,861	-	181,124	23,712,238
Disbursements:						
Personal services	-	-	-	-	-	2,950,944
Supplies	-	-	-	-	-	354,506
Other services and charges	-	-	-	-	-	1,356,171
Debt service - principal and interest	-	-	-	-	-	594,333
Capital outlay	1,623,986	-	-	-	-	2,534,867
Utility operating expenses	-	-	-	-	-	3,232,910
Other disbursements	-	4,116,603	300	-	-	12,246,643
Total disbursements	1,623,986	4,116,603	300	-	-	23,270,374
Excess (deficiency) of receipts over disbursements	-	2,237	94,561	-	181,124	441,864
Cash and investments - ending	\$ -	\$ 6,734	\$ 94,561	\$ 386,285	\$ 181,124	\$ 7,209,913

CITY OF PRINCETON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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	\$ 131,997
Infrastructure	2,316,402
Buildings	1,081,733
Improvements other than buildings	1,496,829
Machinery and equipment	1,976,028
Construction in progress	<u>-</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 7,002,989</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 154,850
Buildings	1,943,684
Improvements other than buildings	4,032,115
Machinery and equipment	312,258
Construction in progress	<u>3,214,983</u>
Total Water Utility capital assets	<u>9,657,890</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	13,592,047
Buildings	3,053,888
Improvements other than buildings	7,301,584
Machinery and equipment	<u>4,170,782</u>
Total Wastewater Utility capital assets	<u>28,118,301</u>
Total business-type activities capital assets	<u>\$ 37,776,191</u>

CITY OF PRINCETON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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:		
Police Cars	\$ 26,715	\$ 27,992
Sanitation Truck	<u>25,436</u>	<u>26,602</u>
Total governmental activities debt	<u>\$ 52,151</u>	<u>\$ 54,594</u>
Business-type activities:		
Water Utility:		
Capital leases:		
Water Improvements	\$ 2,372,732	\$ 227,668
Revenue bonds:		
2002 Waterworks Refunding Bonds	325,000	6,866
2005 Waterworks Refunding Bonds	2,790,000	53,830
2010 Taxable Waterworks Revenue Bonds	181,097	37,092
2010 Waterworks Revenue Bonds	<u>2,866,000</u>	<u>159,409</u> Note
Total Water Utility	<u>8,534,829</u>	<u>484,865</u>
Wastewater Utility:		
Capital leases:		
Sewer Improvements	1,160,000	210,000
Revenue bonds:		
2003 Wastewater Refunding Bonds	<u>870,000</u>	<u>31,995</u>
Total Wastewater Utility	<u>2,030,000</u>	<u>241,995</u>
Total business-type activities debt	<u>\$ 10,564,829</u>	<u>\$ 726,860</u>

Note: The interest due July 1, 2011 will probably be less than shown here because the full amount of the State Revolving Loan has not been drawn.

CITY OF PRINCETON
AUDIT RESULT(S) AND COMMENT(S)

TRANSACTION RECORDING

Interest on the money market account with the Hoosier Fund and transactions relating to the SRF Water Construction Fund receipts and disbursements were not entered in the records of the City of Princeton. The grant administrator hired by the City did maintain a ledger for the SRF Water Construction Fund.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balances of the Fire Station Fund and the Water Operating Fund were overdrawn in 2010.

The cash 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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

1. Some claims were not adequately itemized to document the amount attributable to various funds.
2. A few claims did not have board approval.
3. A few claims were not signed by the entity's fiscal officer.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

CITY OF PRINCETON
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

SALES TAX

The water utility did not compute the correct amount of sales tax to remit to the Indiana Department of Revenue.

Collections by a city or town from the retail sale of tangible property, utility service, or commodities in the performance of private or proprietary activities are subject to sales tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All questions concerning the law or procedure for paying and collecting sales tax should be directed to the Indiana Department of Revenue, Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTABLE ITEMS

Water service is not metered and therefore not billed for several city owned service locations and a few other service locations. Many of these are within the Parks and Recreation system. Although the City has instituted several procedures to determine the reason for the large difference between water that is billed compared to water pumped during the last few years, the percentage of loss has not declined. The City has been successful in locating and repairing several leaks as well as installing some new distribution lines which would reasonably reduce the percentage of loss. Unbilled water is a contributing factor to the difference.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 CITY OF PRINCETON, GIBSON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Princeton (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, 2010. 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2010.

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
APPLICABLE TO 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.

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

April 20, 2011

CITY OF PRINCETON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AN URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State-Administered Small Cities Program Cluster Community Focus Fund	14.228		
Princeton Corridor Plan		A159-8-169CCP-017	\$ 2,500
Downtown Revitalization Plan		PL-09-017	49,500
Disaster Recovery Fund, Appropriation 2		DR-2-09-03	<u>1,834,264</u>
Total for federal grantor agency			<u>1,886,264</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Grant Rural Business Enterprise Grants	10.769	15-66-356001169	<u>4,150</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management Capital Grant for Drinking Water State Revolving Funds	66.468	DW09582601	<u>649,594</u>
Total federal awards expended			<u>\$ 2,540,008</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF PRINCETON
NOTE(S) 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 Princeton (City) 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.

CITY OF PRINCETON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Noncompliance material to financial statements 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
66.468	CDBG – State-Administered Small Cities Program Cluster Capital Grant for Drinking 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

FINDING 2010-1 - ACCOUNTABLE ITEMS

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF PRINCETON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Water service is not metered and therefore not billed for several city owned service locations and a few other service locations. Many of these are within the Parks and Recreation system. Although the City has instituted several procedures to determine the reason for the large difference between water that is billed compared to water pumped during the last few years, the percentage of loss has not declined. The City has been successful in locating and repairing several leaks as well as installing some new distribution lines which would reasonably reduce the percentage of loss. Unbilled water is a contributing factor to the difference.

Several of the known unmetered/unbilled locations such as the pool, splash park, roundabout sprinklers, would have large consumption of water especially in the summer.

The result of the unmetered/unbilled water contributes to the negative balance in the water operating fund because of loss of revenue. It also affects the sewage revenue because the sewage charges are based on the water consumption.

Installation of meters on all service locations and appropriate billings are required. Any additional procedures to reduce the variance between the amount of water available for sale as compared to that billed should be instituted and performed.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF PRINCETON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

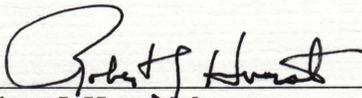
City of Princeton

Clerk-Treasurer
P.O. BOX 15
PRINCETON, IN 47670
(812) 385-3283

CORRECTIVE ACTION PLAN

In reference to the City of Princeton Federal Audit Finding 2010-1 :

The City of Princeton will work with the Princeton Water Utility and the Parks and Recreation Departments to make sure water meters are installed at all unmetered locations.



Robert J. Hurst, Mayor



Jayne Deckard, Clerk-Treasurer

CITY OF PRINCETON
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2011, with Jayne Deckard, Clerk-Treasurer; Robert J. Hurst, Mayor; and James D. Coomer, Common Council member.