

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF PRINCETON

GIBSON COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**

12/09/2014



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mindy Brines	01-01-12 to 12-31-15
Mayor	Robert Hurst	01-01-12 to 12-31-15
President of the Board of Public Works	Robert Hurst	01-01-13 to 12-31-14
President Pro Tempore of the Common Council	Steve Taylor	01-01-13 to 12-31-14
Superintendent of Water Distribution	J. B. Brines	01-01-13 to 12-31-14
Superintendent of Water Treatment	Dennis Gray	01-01-13 to 12-31-14
Superintendent of Wastewater Utility	Charles Woodruff	01-01-13 to 12-31-14



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

This report is supplemental to our audit report of the City of Princeton (City), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Finding incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

October 22, 2014

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CLERK-TREASURER  
CITY OF PRINCETON

CLERK-TREASURER  
CITY OF PRINCETON  
FEDERAL FINDING

***FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE ISSUE  
OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted that one program's expenditures were overstated and two programs were omitted. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."



CLERK-TREASURER  
CITY OF PRINCETON  
FEDERAL FINDING  
(Continued)

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

# City of Princeton

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


October 6, 2014

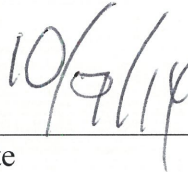
## Corrective Action Plan

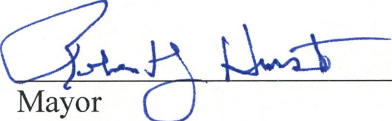
FINDING 2013-001 – INTERNAL CONTROLS AND COMPLIANCE ISSUE OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.

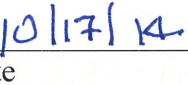
The Clerk-Treasurer will work in conjunction with the Mayor to ensure that monies received from federal grants and expended by the City of Princeton are properly documented. The Clerk-Treasurer, Mindy Brines, will be responsible for providing this funding information in each annual report as well as the Schedule of Expenditures of Federal Awards beginning with the report created by the end of February 2015.

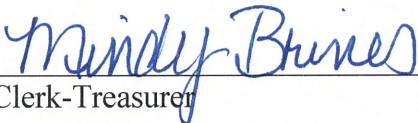
City of Princeton


  
\_\_\_\_\_  
Council President

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Clerk-Treasurer

  
\_\_\_\_\_  
Date

CLERK-TREASURER  
CITY OF PRINCETON  
AUDIT RESULTS AND COMMENTS

***POLICE AND FIRE PENSION ERRORS***

Two police pensioners in the 1977 Converted Plan were underpaid by a total of \$2,169.52 for 2013 due to cost of living raises not being paid properly during the prior year as well as 2013.

One fire pensioner in the 1977 Converted Plan was underpaid \$491.78 due to cost of living raises not being paid properly during the prior year as well as 2013.

Indiana Code 36-8-8-15 states:

"Each year the system board shall determine if there has been an increase or decrease in the consumer price index (United States city average) prepared by the United States Department of Labor by comparing the arithmetic mean of the consumer price index for January, February, and March of that year with the arithmetic mean for the same three (3) months of the preceding year. If there has been an increase, or a decrease, it shall be stated as a percentage of the arithmetic mean for the preceding three (3) month period. The percentage shall be rounded to the nearest one-tenth of one percent (0.1%) and may not exceed three percent (3%). If there is a percentage increase of the arithmetic mean for the preceding three (3) month period, a fund member's or survivors monthly benefit, beginning with the July payment, shall be increased by an amount equal to the June payment times the percentage increase. However, a fund member's or survivor's monthly benefit may not be increased under this section until July of the year following the year of the first monthly benefit payment to the fund member or survivor. In computing a fund member's benefit, the increase is based only on those years for which the fund member was eligible for benefit payments under this chapter. A monthly benefit may not be reduced if there is a percentage decrease of the arithmetic mean for the preceding three (3) month period."

***ACCOUNTABLE ITEMS***

We noted a loss of approximately 42 percent in the amount of water pumped by the Water Utility as compared to water consumption billed to customers for the year 2013. Because the Wastewater charges are computed on water consumption, the Wastewater Utility is losing revenue as well.

Goods for sale, billings, and other collections are considered accountable items. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER  
CITY OF PRINCETON  
EXIT CONFERENCE

The contents of this report were discussed on October 22, 2014, with Mindy Brines, Clerk-Treasurer; Robert Hurst, Mayor; and Steve Taylor, President Pro Tempore of the Common Council.