

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

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

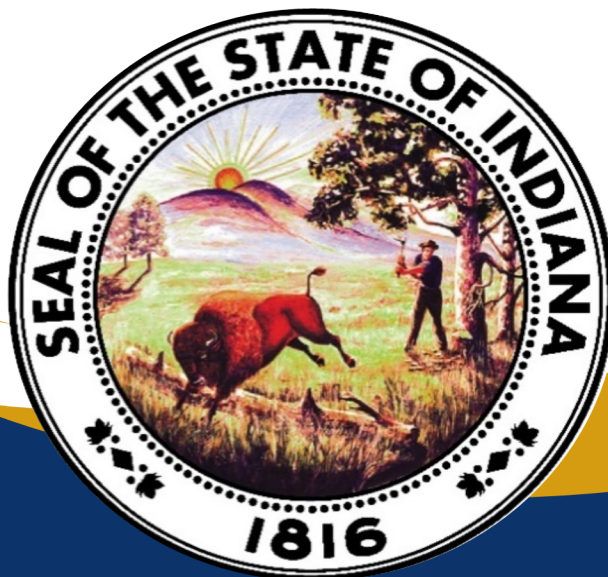
COMPLIANCE EXAMINATION REPORT

OF

CITY OF PRINCETON

GIBSON COUNTY, INDIANA

January 1, 2022 to December 31, 2023



FILED
01/16/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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January 16, 2025

To: The Officials of the City of Princeton
City of Princeton
Gibson County, Indiana

This report is supplemental to the audit report of the City of Princeton (City), for the period from January 1, 2022 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the City. It should be read in conjunction with the financial statement audit report of the City, which provides an opinion on the City's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the City and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of the City of Princeton prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2023. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 5.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
CITY OF PRINCETON
Gibson County, Indiana
January 1, 2022 through December 31, 2023

CITY OF PRINCETON
Gibson County, Indiana
January 1, 2022 through December 31, 2023

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2023-001: MISSING GATEWAY UPLOADS	3
2023-002: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION	3
2023-003: PAYROLL EXPENSES	5
EXIT CONFERENCE	6

CITY OF PRINCETON
SCHEDULE OF OFFICIALS
January 1, 2022 through December 31, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Greg Wright	01-01-22 to 12-31-23
President Pro Tempore of the Common Council	Sheri Greene	01-01-22 to 12-31-23
Clerk Treasurer	Mindy Brines David M. Kennard	01-01-22 to 04-30-22 05-01-22 to 12-31-23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the City of Princeton

We have examined the City of Princeton's ("City") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns* during the period January 1, 2022 through December 31, 2023. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual for Cities and Towns* applicable to the City during the period January 1, 2022 through December 31, 2023, as described in items 2023-001 through 2023-003 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the City complied, in all material respects, with the aforementioned requirements during the period January 1, 2022 through December 31, 2023.


Crowe LLP

Indianapolis, Indiana
December 18, 2024

CITY OF PRINCETON
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2022 through December 31, 2023

FINDING 2023-001: MISSING GATEWAY UPLOADS

Criteria: The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. The Directive was amended with additional required uploads effective December 2023.

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually by all units:

- Year-end investment statements and register of investments
- Excel Data Capture/ Data Dump
- Detail of Receipts by fund and account
- Detail of Disbursements by fund and account
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Accounts Payable/ Accounts Receivable Schedule support
- Direct Federal Grant Agreements/Award Letters and Amendments initiated during the year
- Agreements for Subawards made to Subrecipients for all Federal Grants initiated during the year
- Personnel Policy (to be uploaded in 2023 and in future years if updated)

Condition: During testing, we noted the City did not upload the 2022 and 2023 disbursements detail activity, 2022 current year salary ordinance, 2022 annual funds ledger, November 2023 funds ledger, and 2023 Accounts Payable / Accounts Receivable Schedule support.

FINDING 2023-002: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION

Criteria: The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

Condition: Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway contained the following errors:

Schedule of Payables and Receivables

Management did not provide support for the amounts reported on the Payables and Receivables Schedule.

(Continued)

CITY OF PRINCETON
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2022 through December 31, 2023

FINDING 2023-002: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION
(Continued)

Schedule of Leases and Debt

The following errors were noted on the Schedule of Leases and Debt:

- The Sewage Works Revenue Bonds 2020 Series A ending principal balance at December 31, 2023 was reported as \$8,441,000. However, the supporting schedule indicated \$8,370,200. Management did not report the principal amount due within one year. The supporting schedules indicated \$30,400 due within one year.
- The Sewage Works Revenue Bonds 2020 Series B ending principal balance at December 31, 2023 was reported as \$1,371,000. However, the supporting schedule indicated \$1,359,400. Management did not report the principal amount due within one year. The supporting schedules indicated \$5,000 due within one year.
- The Sewage Works Revenue Bonds 2021 Series C ending principal balance at December 31, 2023 was reported as \$493,000. However, the supporting schedule indicated \$484,000. Management did not report the principal amount due within one year. The supporting schedules indicated \$10,000 due within one year.
- The Waterworks Revenue Bonds 2010 ending principal balance at December 31, 2023 was reported as \$1,306,000. However, the supporting schedule indicated \$1,156,000. Management did not report the principal amount due within one year. The supporting schedules indicated \$154,000 due within one year.
- The Local Income Tax Lease Rental Bonds Series 2021 annual lease payment was reported as \$513,002. However, supporting documents indicated a payment amount of \$430,000.
- The Water Meter Upgrade annual lease payment was reported as \$227,338. However, supporting documents indicated a payment amount of \$227,668. Additionally, the lease beginning and ending dates were incorrectly reported. The support indicated a start date of August 2, 2010 and end date of August 2, 2025.

Adjustments were made for the items noted above.

Capital Assets

Management provided a capital asset listing and the following errors were noted when comparing the December 31, 2023 balance per AFR to the supporting listing:

- The infrastructure balance was reported as \$2,370,650. However, the capital asset detail listing indicated \$2,376,982.
- The buildings balance was reported as \$7,377,568. However, the capital asset detail listing indicated \$7,396,096.
- The improvements other than buildings balance was reported as \$24,943,557. However, the capital asset detail listing indicated \$24,597,897.
- The machinery, equipment and vehicles balance was reported as \$11,217,093. However, the capital asset detail listing indicated \$11,472,237.

Adjustments were made for the items noted above.

(Continued)

CITY OF PRINCETON
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2022 through December 31, 2023

FINDING 2023-003: PAYROLL EXPENSES

Criteria: Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-11-9-4(b) states in part:

“The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees:...

(2) employed by more than one (1) public agency or in more than one (1) position by the same public agency....”

A similar comment appeared in prior Report B59826, entitled *PAYROLL EXPENES*.

Condition: Of the ten employees' wages tested, one employee was paid a percentage from multiple funds. The time records submitted by the employee did not document the breakdown of the time worked between the departments of the City.

CITY OF PRINCETON
EXIT CONFERENCE
January 1, 2022 through December 31, 2023

The contents of this report were discussed on December 18, 2024 with David Kennard, Clerk Treasurer, Greg Wright, Mayor, and Jim Maglis, President Pro Tempore of the Common Council.