

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, 2014 to December 31, 2014



FILED
03/30/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Federal Finding:	
Finding 2014-001 - Reporting	6-7
Corrective Action Plan	8
Audit Result and Comment:	
Payroll Expenses	9
Exit Conference	10
Common Council:	
Audit Result and Comment:	
Credit Cards	12
Exit Conference	13

SCHEDULE OF OFFICIALS

Clerk-Treasurer	Mindy Brines	01-01-12 to 12-31-19
Mayor	Robert Hurst Bradley D. Schmitt	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works	Robert Hurst Bradley D. Schmitt	01-01-14 to 12-31-15 01-01-16 to 12-31-17
President of the Common Council	Steve Taylor Jan E. Ballard	01-01-14 to 12-31-15 01-01-16 to 12-31-17
Superintendent of Water Distribution	J.B. Brines Jeff Smith	01-01-14 to 12-31-15 01-01-16 to 12-31-17
Superintendent of Water Treatment	Dennis Gray J.B. Brines	01-01-14 to 12-31-15 01-01-16 to 12-31-17
Superintendent of Wastewater Utility	Charlie Woodruff Lynn Elpers	01-01-14 to 12-31-15 01-01-16 to 12-31-17



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

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, 2014 to December 31, 2014. 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/.

The Federal Findings, identified in the above referenced audit report, are 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 and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

February 2, 2017

(This page intentionally left blank.)

CLERK-TREASURER
CITY OF PRINCETON

CLERK-TREASURER
CITY OF PRINCETON
FEDERAL FINDING

FINDING 2014-001 - REPORTING

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's program and
Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): DR2SC-012-003
Pass-Through Entity: Indiana Housing & Community Development Authority (IHEDA)

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The City did not have adequate internal controls in place to ensure the proper reports were filed timely. The performance report required for project number DR2SC-012-003 was filed by the City after a compliance review was conducted by the pass-through agency and the agency determined the report had not been submitted.

Context

The sole performance report required for project number DR2SC-012-003 was filed late.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

CLERK-TREASURER
CITY OF PRINCETON
FEDERAL FINDING
(Continued)

Cause

Management had not developed a system of internal controls over the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

City of Princeton

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

Corrective Action Plan

FINDING 2014-001

Contact Person Responsible for Corrective Action: Mindy Brines, Clerk Treasurer
Contact Phone Number: (812)385-3283

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:

The Clerk-Treasurer in conjunction with the Mayor will monitor grant reporting requirements. We will implement control procedures to ensure all reporting requirements are met and completed promptly.

Anticipated Completion Date:
Started February 2, 2017

Mindy Brines
(Signature)

Clerk Treasurer
(Title)

2/2/2017
(Date)

CLERK-TREASURER
CITY OF PRINCETON
AUDIT RESULT AND COMMENT

PAYROLL EXPENSES

The Common Council passed Salary Ordinances 2013-12 and 2013-13 which established the salaries and wages for officials and employees of the City and the percentage of the salaries and wages that would be paid from each fund for the year 2014. Five of thirty-seven employees' wages tested were not paid from the authorized funds. The percentage of the salaries and wages paid from the funds was not in agreement with the percentages established by the salary ordinances. In addition, the time records submitted by the employees did not document the breakdown of the time worked between the departments of the City.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

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

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

CLERK-TREASURER
CITY OF PRINCETON
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2017, with Mindy Brines, Clerk-Treasurer; Bradley D. Schmitt, Mayor; Jan E. Ballard, President of the Common Council, Sheri L. Greene, Common Council member; and Jason Spindler, City Attorney.

COMMON COUNCIL
CITY OF PRINCETON

COMMON COUNCIL
CITY OF PRINCETON
AUDIT RESULT AND COMMENT

CREDIT CARDS

The City used credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in a meeting and approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

COMMON COUNCIL
CITY OF PRINCETON
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2017, with Mindy Brines, Clerk-Treasurer; Bradley D. Schmitt, Mayor; Jan E. Ballard, President of the Common Council, Sheri L. Greene, Common Council member, and Jason Spindler, City Attorney.