

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF AUBURN  
DEKALB COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
08/08/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10
Notes to Financial Statement .....	11-16
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	18-27
Schedule of Payables and Receivables .....	28
Schedule of Leases and Debt .....	29
Schedule of Capital Assets .....	30
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance .....	32-33
Schedule of Expenditures of Federal Awards and Accompanying Note:	
Schedule of Expenditures of Federal Awards .....	36
Note to Schedule of Expenditures of Federal Awards .....	37
Schedule of Findings and Questioned Costs .....	38
Other Report .....	39

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia M. Miller	01-01-12 to 12-31-15
Mayor	Norman E. Yoder	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Norman E. Yoder	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Dennis Ketzenberger Dr. David Painter	01-01-13 to 12-31-13 01-01-14 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  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF AUBURN, DEKALB COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Auburn (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement 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, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2014, 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* in considering the City's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

June 19, 2014



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE CITY OF AUBURN, DEKALB COUNTY, INDIANA

We have audited, 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, the financial statement of the City of Auburn (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated June 19, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT 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 is 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*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

June 19, 2014

(This page intentionally left blank.)

## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF AUBURN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 1,230,152	\$ 4,237,757	\$ 3,634,833	\$ 1,833,076
Motor Vehicle Highway	564,358	1,889,066	1,710,229	743,195
Local Road and Street	115,501	61,300	65,782	111,019
Fire Living Quarters	1,098	888	-	1,986
Park Nonreverting	127,379	31,546	30,122	128,803
CR60 Airport Sewer - Dekalb Treasurer	-	1,135	1,135	-
Law Enforcement Continuing Education	58,221	15,417	7,290	66,348
Parks and Recreation	112,669	610,171	523,208	199,632
Rainy Day	1,427,608	115,870	-	1,543,478
Federal Seizure	6,173	19,040	5,805	19,408
Excess Levy	46,813	1,525	48,338	-
Tax Increment Financing	4,360,143	1,279,831	2,102,341	3,537,633
Drug Enforcement Aid	10,000	-	-	10,000
Cumulative Capital Development	2,908,589	269,937	22,804	3,155,722
Auburn Drive Project	34,218	-	34,218	-
Maumee River Basin Acquisition Project	7,622	13,939	16,971	4,590
General Improvement	41,859	-	-	41,859
Cumulative Capital Improvement	305,629	34,510	16,099	324,040
CEDIT	1,835,431	503,397	307,188	2,031,640
Self Insurance	1,479,104	1,493,454	1,277,472	1,695,086
Police Pension	137,705	71,094	79,441	129,358
Carr Field Renovations	150	5,334	5,334	150
Fire Territory	1,018,091	2,062,994	1,750,451	1,330,634
Cumulative Fire Equipment	379,599	187,424	-	567,023
CEDIT Bond and Interest	67,462	-	67,461	1
Bear Creek Estates Sewer	-	6,206	6,206	-
Contributions To City	157,362	75,517	50,299	182,580
Miscellaneous Federal Grants	5,172	23,578	28,750	-
Multi County Drug Task Force	75,434	15,928	32,932	58,430
Fire Emergency Cleanup	4,737	-	-	4,737
Local Law Enforcement Block Grant	162	-	-	162
Drug Enforcement Grant	-	49,611	25,240	24,371
Police Department Local Grants	1,970	5,317	3,760	3,527
DUI Grant	-	4,905	4,125	780
ISTEA/ACD Museum Grant	3,755	-	-	3,755
Industrial Sewer Revenue	5,232	3,926	5,614	3,544
Tower Udag Project	17,280	-	17,280	-
Computer Building Corporation Lease	63,540	-	63,540	-
Fire Station Building Corporation Lease	831	-	831	-
CEDIT Debt Service Reserve	287,650	-	-	287,650
Rieke Park Construction	1,458	5,865	7,031	292
Payroll	241,602	8,700,080	8,940,376	1,306
Flex	13,130	58,414	52,810	18,734
Electric Operating and Maintenance	1,344,925	36,191,311	37,050,358	485,878
Electric Bond and Interest	720	-	720	-
Electric Depreciation	3,372	783,100	678,846	107,626
Electric Meter Deposit	162,372	254,655	89,724	327,303
Electric Construction	225	744,238	618,726	125,737
Electric Cash Reserve	81,315	169,998	170,000	81,313
AES Operating and Maintenance	135,274	3,142,512	2,606,909	670,877
AES Depreciation	216,619	354,461	559,948	11,132
Electronic Convenience Fees	876	13,871	13,136	1,611
Wastewater Construction	1,012,495	566,561	1,579,056	-
Wastewater Operating and Maintenance	981,990	4,643,656	5,026,006	599,640
Wastewater Bond and Interest	666,113	1,338,294	1,333,614	670,793
Wastewater Depreciation	2,059,931	518,534	108,549	2,469,916
Wastewater Meter Deposit	55,150	38,446	24,797	68,799
Wastewater Replacement	1,089,811	72,000	-	1,161,811
Wastewater Cash Reserve	20,696	282,996	283,000	20,692
Wastewater Debt Service Reserve	1,352,288	-	-	1,352,288
Water Operating and Maintenance	131,730	2,309,120	2,363,265	77,585
Water Bond and Interest	10,628	281,896	292,521	3
Water Depreciation	1,343,777	243,346	312,434	1,274,689
Water Meter Deposit	53,307	23,200	17,269	59,238
Water Cash Reserve	-	139,000	139,000	-
Water Debt Service Reserve	199,670	-	-	199,670
<b>Totals</b>	<b>\$ 28,078,173</b>	<b>\$ 73,966,171</b>	<b>\$ 74,213,194</b>	<b>\$ 27,831,150</b>

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

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT

**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, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts may include 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 AUBURN  
NOTES TO FINANCIAL STATEMENT  
(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.

Penalties which include fees received for late payments.

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 statement. The aggregate disbursements may include 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.

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

**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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*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 Indiana Public Retirement System (INPRS) 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.

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

INPRS 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:

Indiana Public Retirement System  
1 North Capitol Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*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 Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 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 Retirement System (INPRS) 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.

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

INPRS 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:

Indiana Public Retirement System  
1 North Capitol Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

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

**Note 7. Other Postemployment Benefits**

The City provides to eligible retirees and their spouses medical benefits. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

## SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road and Street	Fire Living Quarters	Park Nonreverting	CR60 Airport Sewer - Dekalb Treasurer	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 1,230,152	\$ 564,358	\$ 115,501	\$ 1,098	\$ 127,379	\$ -	\$ 58,221
Receipts:							
Taxes	864,273	1,363,017	-	-	-	-	-
Licenses and permits	87,294	-	-	-	-	-	7,400
Intergovernmental	2,429,628	474,141	61,300	-	-	-	-
Charges for services	623,949	9,309	-	888	15,622	1,135	4,787
Fines and forfeits	4,226	-	-	-	-	-	3,230
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	228,387	42,599	-	-	15,924	-	-
Total receipts	<u>4,237,757</u>	<u>1,889,066</u>	<u>61,300</u>	<u>888</u>	<u>31,546</u>	<u>1,135</u>	<u>15,417</u>
Disbursements:							
Personal services	1,920,558	703,771	-	-	-	-	-
Supplies	96,111	222,445	-	-	16,725	-	1,040
Other services and charges	1,230,780	726,340	65,782	-	13,397	-	6,250
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	242,415	35,622	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	144,969	22,051	-	-	-	1,135	-
Total disbursements	<u>3,634,833</u>	<u>1,710,229</u>	<u>65,782</u>	<u>-</u>	<u>30,122</u>	<u>1,135</u>	<u>7,290</u>
Excess (deficiency) of receipts over disbursements	<u>602,924</u>	<u>178,837</u>	<u>(4,482)</u>	<u>888</u>	<u>1,424</u>	<u>-</u>	<u>8,127</u>
Cash and investments - ending	<u>\$ 1,833,076</u>	<u>\$ 743,195</u>	<u>\$ 111,019</u>	<u>\$ 1,986</u>	<u>\$ 128,803</u>	<u>\$ -</u>	<u>\$ 66,348</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Parks and Recreation	Rainy Day	Federal Seizure	Excess Levy	Tax Increment Financing	Drug Enforcement Aid	Cumulative Capital Development
Cash and investments - beginning	\$ 112,669	\$ 1,427,608	\$ 6,173	\$ 46,813	\$ 4,360,143	\$ 10,000	\$ 2,908,589
Receipts:							
Taxes	487,758	-	-	-	899,125	-	238,625
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	37,094	-	-	-	370,079	-	28,053
Charges for services	71,650	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	13,669	115,870	19,040	1,525	10,627	-	3,259
Total receipts	610,171	115,870	19,040	1,525	1,279,831	-	269,937
Disbursements:							
Personal services	303,554	-	-	-	-	-	-
Supplies	57,995	-	-	-	-	-	-
Other services and charges	100,449	-	-	-	2,264	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	49,485	-	-	-	2,093,459	-	4,596
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	11,725	-	5,805	48,338	6,618	-	18,208
Total disbursements	523,208	-	5,805	48,338	2,102,341	-	22,804
Excess (deficiency) of receipts over disbursements	86,963	115,870	13,235	(46,813)	(822,510)	-	247,133
Cash and investments - ending	\$ 199,632	\$ 1,543,478	\$ 19,408	\$ -	\$ 3,537,633	\$ 10,000	\$ 3,155,722

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Auburn Drive Project	Maumee River Basin Acquisition Project	General Improvement	Cumulative Capital Improvement	CEDIT	Self Insurance	Police Pension
Cash and investments - beginning	\$ 34,218	\$ 7,622	\$ 41,859	\$ 305,629	\$ 1,835,431	\$ 1,479,104	\$ 137,705
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	13,939	-	34,176	501,425	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	334	1,972	1,493,454	71,094
Total receipts	-	13,939	-	34,510	503,397	1,493,454	71,094
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	37,226	-	71,820
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	16,099	269,962	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	34,218	16,971	-	-	-	1,277,472	7,621
Total disbursements	34,218	16,971	-	16,099	307,188	1,277,472	79,441
Excess (deficiency) of receipts over disbursements	(34,218)	(3,032)	-	18,411	196,209	215,982	(8,347)
Cash and investments - ending	\$ -	\$ 4,590	\$ 41,859	\$ 324,040	\$ 2,031,640	\$ 1,695,086	\$ 129,358

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Carr Field Renovations	Fire Territory	Cumulative Fire Equipment	CEDIT Bond and Interest	Bear Creek Estates Sewer	Contributions To City	Miscellaneous Federal Grants
Cash and investments - beginning	\$ 150	\$ 1,018,091	\$ 379,599	\$ 67,462	\$ -	\$ 157,362	\$ 5,172
Receipts:							
Taxes	-	1,857,733	172,702	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	153,171	14,240	-	-	-	23,578
Charges for services	-	-	-	-	6,206	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	5,334	52,090	482	-	-	75,517	-
Total receipts	<u>5,334</u>	<u>2,062,994</u>	<u>187,424</u>	<u>-</u>	<u>6,206</u>	<u>75,517</u>	<u>23,578</u>
Disbursements:							
Personal services	-	1,507,184	-	-	-	-	-
Supplies	-	48,994	-	-	-	-	-
Other services and charges	-	101,244	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	43,677	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,334	49,352	-	67,461	6,206	50,299	28,750
Total disbursements	<u>5,334</u>	<u>1,750,451</u>	<u>-</u>	<u>67,461</u>	<u>6,206</u>	<u>50,299</u>	<u>28,750</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>312,543</u>	<u>187,424</u>	<u>(67,461)</u>	<u>-</u>	<u>25,218</u>	<u>(5,172)</u>
Cash and investments - ending	<u>\$ 150</u>	<u>\$ 1,330,634</u>	<u>\$ 567,023</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 182,580</u>	<u>\$ -</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Multi County Drug Task Force	Fire Emergency Cleanup	Local Law Enforcement Block Grant	Drug Enforcement Grant	Police Department Local Grants	DUI Grant	ISTEA/ACD Museum Grant
Cash and investments - beginning	\$ 75,434	\$ 4,737	\$ 162	\$ -	\$ 1,970	\$ -	\$ 3,755
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	48,921	-	4,905	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	15,928	-	-	690	5,317	-	-
Total receipts	15,928	-	-	49,611	5,317	4,905	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	32,932	-	-	25,240	3,760	4,125	-
Total disbursements	32,932	-	-	25,240	3,760	4,125	-
Excess (deficiency) of receipts over disbursements	(17,004)	-	-	24,371	1,557	780	-
Cash and investments - ending	\$ 58,430	\$ 4,737	\$ 162	\$ 24,371	\$ 3,527	\$ 780	\$ 3,755

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Industrial Sewer Revenue	Tower Udag Project	Computer Building Corporation Lease	Fire Station Building Corporation Lease	CEDIT Debt Service Reserve	Rieke Park Construction	Payroll
Cash and investments - beginning	\$ 5,232	\$ 17,280	\$ 63,540	\$ 831	\$ 287,650	\$ 1,458	\$ 241,602
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,926	-	-	-	-	5,865	8,700,080
Total receipts	3,926	-	-	-	-	5,865	8,700,080
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,614	17,280	63,540	831	-	7,031	8,940,376
Total disbursements	5,614	17,280	63,540	831	-	7,031	8,940,376
Excess (deficiency) of receipts over disbursements	(1,688)	(17,280)	(63,540)	(831)	-	(1,166)	(240,296)
Cash and investments - ending	\$ 3,544	\$ -	\$ -	\$ -	\$ 287,650	\$ 292	\$ 1,306

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Flex	Electric Operating and Maintenance	Electric Bond and Interest	Electric Depreciation	Electric Meter Deposit	Electric Construction	Electric Cash Reserve
Cash and investments - beginning	\$ 13,130	\$ 1,344,925	\$ 720	\$ 3,372	\$ 162,372	\$ 225	\$ 81,315
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	460,778	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	31,631,027	-	-	-	-	-
Penalties	-	69,492	-	-	-	-	-
Other receipts	58,414	4,490,792	-	783,100	254,655	283,460	169,998
Total receipts	58,414	36,191,311	-	783,100	254,655	744,238	169,998
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	29,929,942	-	-	-	-	-
Other disbursements	52,810	7,120,416	720	678,846	89,724	618,726	170,000
Total disbursements	52,810	37,050,358	720	678,846	89,724	618,726	170,000
Excess (deficiency) of receipts over disbursements	5,604	(859,047)	(720)	104,254	164,931	125,512	(2)
Cash and investments - ending	\$ 18,734	\$ 485,878	\$ -	\$ 107,626	\$ 327,303	\$ 125,737	\$ 81,313

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	AES Operating and Maintenance	AES Depreciation	Electronic Convenience Fees	Wastewater Construction	Wastewater Operating and Maintenance	Wastewater Bond and Interest
Cash and investments - beginning	\$ 135,274	\$ 216,619	\$ 876	\$ 1,012,495	\$ 981,990	\$ 666,113
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	519,358	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	8,520	-	13,871	-	4,253,674	-
Penalties	38,498	-	-	-	65,093	-
Other receipts	3,095,494	354,461	-	47,203	324,889	1,338,294
Total receipts	3,142,512	354,461	13,871	566,561	4,643,656	1,338,294
Disbursements:						
Personal services	-	-	-	-	901,256	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	1,333,614
Capital outlay	-	-	-	-	-	-
Utility operating expenses	265,465	-	-	-	1,253,158	-
Other disbursements	2,341,444	559,948	13,136	1,579,056	2,871,592	-
Total disbursements	2,606,909	559,948	13,136	1,579,056	5,026,006	1,333,614
Excess (deficiency) of receipts over disbursements	535,603	(205,487)	735	(1,012,495)	(382,350)	4,680
Cash and investments - ending	\$ 670,877	\$ 11,132	\$ 1,611	\$ -	\$ 599,640	\$ 670,793

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Wastewater Depreciation	Wastewater Meter Deposit	Wastewater Replacement	Wastewater Cash Reserve	Wastewater Debt Service Reserve	Water Operating and Maintenance
Cash and investments - beginning	\$ 2,059,931	\$ 55,150	\$ 1,089,811	\$ 20,696	\$ 1,352,288	\$ 131,730
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	147,134	-	-	-	-	2,001,456
Penalties	-	-	-	-	-	11,850
Other receipts	<u>371,400</u>	<u>38,446</u>	<u>72,000</u>	<u>282,996</u>	<u>-</u>	<u>295,814</u>
Total receipts	<u>518,534</u>	<u>38,446</u>	<u>72,000</u>	<u>282,996</u>	<u>-</u>	<u>2,309,120</u>
Disbursements:						
Personal services	-	-	-	-	-	696,203
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	366,792
Other disbursements	<u>108,549</u>	<u>24,797</u>	<u>-</u>	<u>283,000</u>	<u>-</u>	<u>1,300,270</u>
Total disbursements	<u>108,549</u>	<u>24,797</u>	<u>-</u>	<u>283,000</u>	<u>-</u>	<u>2,363,265</u>
Excess (deficiency) of receipts over disbursements	<u>409,985</u>	<u>13,649</u>	<u>72,000</u>	<u>(4)</u>	<u>-</u>	<u>(54,145)</u>
Cash and investments - ending	<u>\$ 2,469,916</u>	<u>\$ 68,799</u>	<u>\$ 1,161,811</u>	<u>\$ 20,692</u>	<u>\$ 1,352,288</u>	<u>\$ 77,585</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Water Bond and Interest	Water Depreciation	Water Meter Deposit	Water Cash Reserve	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 10,628	\$ 1,343,777	\$ 53,307	\$ -	\$ 199,670	\$ 28,078,173
Receipts:						
Taxes	-	-	-	-	-	5,883,233
Licenses and permits	-	-	-	-	-	94,694
Intergovernmental	-	-	-	-	-	5,174,786
Charges for services	-	-	-	-	-	733,546
Fines and forfeits	-	-	-	-	-	7,456
Utility fees	-	241,825	-	-	-	38,297,507
Penalties	-	-	-	-	-	184,933
Other receipts	281,896	1,521	23,200	139,000	-	23,590,016
Total receipts	281,896	243,346	23,200	139,000	-	73,966,171
Disbursements:						
Personal services	-	-	-	-	-	6,032,526
Supplies	-	-	-	-	-	443,310
Other services and charges	-	-	-	-	-	2,355,552
Debt service - principal and interest	292,521	-	-	-	-	1,626,135
Capital outlay	-	-	-	-	-	2,755,315
Utility operating expenses	-	-	-	-	-	31,815,357
Other disbursements	-	312,434	17,269	139,000	-	29,184,999
Total disbursements	292,521	312,434	17,269	139,000	-	74,213,194
Excess (deficiency) of receipts over disbursements	(10,625)	(69,088)	5,931	-	-	(247,023)
Cash and investments - ending	\$ 3	\$ 1,274,689	\$ 59,238	\$ -	\$ 199,670	\$ 27,831,150

CITY OF AUBURN  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Electric Utility	\$ 1,594,542	\$ 336,594
Wastewater Utility	98,253	156,101
Water Utility	49,990	69,631
Governmental activities	<u>82,032</u>	<u>31,535</u>
Totals	<u>\$ 1,824,817</u>	<u>\$ 593,861</u>

CITY OF AUBURN  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Ally	AES/IS Dodge Journey	\$ 5,632	01-19-11	01-19-15
Pitney Bowes	Postage Meter	1,740	02-25-09	02-25-14
Xerox	Police Work Room	3,576	08-22-08	08-18-13
Xerox	FD Copier/Printer	2,288	04-26-07	04-26-13
Xerox	AES/IS Copier/Printer	2,601	10-05-10	10-05-14
Xerox	CT OFC Copier/Printer	1,136	12-16-10	12-16-14
Xerox	Street Dept Copier/Printer	<u>1,968</u>	08-26-11	08-26-16
Total governmental activities		<u>18,941</u>		
Electric Utility:				
Xerox	Copier/Printer	<u>2,748</u>	12-05-11	12-05-15
Wastewater Utility:				
Xerox	Copier/Printer	2,748	12-05-11	12-05-15
Xerox	Copier/Printer	<u>940</u>	02-17-11	02-17-15
Total Wastewater Utility		<u>3,688</u>		
Water Utility:				
Xerox	Plant - Copier/Printer	940	02-17-11	02-17-15
Xerox	Copier/Printer	<u>1,440</u>	12-05-11	12-05-15
Total Water Utility		<u>2,380</u>		
Total of annual lease payments		<u>\$ 27,757</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Electric Utility:			
Revenue bonds	Improvements to AES repayment of interfund borrowing	\$ 3,380,000	\$ 134,923
Wastewater Utility:			
Revenue bonds	Refund 1995 EDIT Bonds	2,450,000	747,690
Revenue bonds	Sewer Works Improvements	1,230,000	258,961
Revenue bonds	Sewer Works Improvements	<u>13,360,000</u>	<u>339,930</u>
Total Wastewater Utility		<u>17,040,000</u>	<u>1,346,581</u>
Water Utility:			
Revenue bonds	Refund O/S Waterworks Revenue Bonds of 2000	<u>1,320,670</u>	<u>292,525</u>
Totals		<u>\$ 21,740,670</u>	<u>\$ 1,774,029</u>

CITY OF AUBURN  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2013

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.

	Ending Balance
Governmental activities:	
Land	\$ 1,455,496
Infrastructure	33,429,050
Buildings	4,426,738
Improvements other than buildings	1,455,601
Machinery, equipment, and vehicles	8,387,141
Construction in progress	3,130,814
Total governmental activities	52,284,840
Electric Utility:	
Land	701,589
Infrastructure	10,486,623
Buildings	2,115,024
Improvements other than buildings	1,203,729
Machinery, equipment, and vehicles	25,575,377
Construction in progress	10,996,136
Total Electric Utility	51,078,478
Wastewater Utility:	
Land	377,757
Infrastructure	13,447,993
Buildings	11,402,027
Improvements other than buildings	1,509,413
Machinery, equipment, and vehicles	14,652,517
Construction in progress	21,615,822
Total Wastewater Utility	63,005,529
Water Utility:	
Land	735,068
Infrastructure	8,303,077
Buildings	2,266,264
Improvements other than buildings	1,244,412
Machinery, equipment, and vehicles	8,296,860
Construction in progress	2,363,030
Total Water Utility	23,208,711
Total capital assets	\$ 189,577,558

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE CITY OF AUBURN, DEKALB COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the City of Auburn's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 noncompliance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

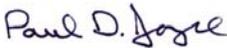
***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

June 19, 2014

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF AUBURN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii NS SWR Separation	Indiana Office of Community and Rural Affairs	14.228	CF-11-203	\$ 519,358
Total - CDBG - State-Administered CDBG Cluster				519,358
Total - Department of Housing and Urban Development				519,358
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program Drug Enforcement Grant Drug Enforcement Grant	Indiana Criminal Justice Institute	16.738	2010-DJ-BX-0254 2011-DJ-BX-2622	32,800 15,611
Total - JAG Program Cluster				48,411
ARRA - Public Safety Partnership and Community Policing Grants, Recovery Act COPS	Direct	16.710	2011-UM-WX-0060	57,971
Total - Department of Justice				106,382
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Safe Routes to Schools Street Sign Project Grandstaff/Betz	Indiana Department of Transportation	20.205	0902313 11-72004 DE-0500903	9,905 21,743 293,701
Total - Highway Planning and Construction				325,349
Total - Highway Planning and Construction Cluster				325,349
Highway Safety Cluster State and Community Highway Safety DUI Grant Fund	Town of Hudson	20.600		4,695
Total - Highway Safety Cluster				4,695
Total - Department of Transportation				330,044
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds WWTR SRF	Indiana Finance Authority	66.458	WW09051703	34,942
Total - Environmental Protection Agency				34,942
<u>Department of Energy</u>				
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis, Recovery Act SmartGRID	Direct	81.122	DE-OE0000287	460,778
Total - Department of Energy				460,778
<u>Department of Homeland Security</u>				
Pre-Disaster Mitigation MRBC Messenger Project	Indiana Department of Homeland Security	97.047	C44P-1-060A	13,939
Total - Department of Homeland Security				13,939
Total federal awards expended				\$ 1,465,443

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF AUBURN  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 AUBURN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
81.122	CDBG - State-Administered CDBG Cluster Highway Planning and Construction Cluster ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis, Recovery Act

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**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

#### OTHER REPORTS

In addition to this report, Supplemental Compliance Report has been issued for the City. That report can be found on the State Board of Accounts' website: <http://www.in.gov/sboa/>.