

**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, 2012 to December 31, 2012



**FILED**  
09/18/2013



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### 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 12-31-13
President of the Common Council	Richard Stahly Dennis Ketzenberger	01-01-12 to 12-31-12 01-01-13 to 12-31-13
Superintendent of Water Utility	Randy Harvey	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	David Lochner	01-01-12 to 12-31-13
Superintendent of Electric Utility	Stuart Tuttle	01-01-12 to 12-31-13



## 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, 2012, 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, 2012.

***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, 2012, 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 August 22, 2013, 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.

*Other Information*

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.



Bruce Hartman  
State Examiner

August 22, 2013



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

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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, 2012, and the related notes to the financial statement, and have issued our report thereon dated August 22, 2013, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2 to be material weaknesses.

***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

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)

was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

***City of Auburn's Response to Findings***

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***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.



Bruce Hartman  
State Examiner

August 22, 2013

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## FINANCIAL STATEMENT

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, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 960,745	\$ 4,133,421	\$ 3,864,015	\$ 1,230,151
Motor Vehicle Highway	309,499	1,733,515	1,478,657	564,357
Local Road and Street	110,901	61,200	56,601	115,500
Fire Living Quarters	451	768	122	1,097
Park Nonreverting	117,638	31,123	21,382	127,379
Law Enforcement Continuing Education	48,391	13,532	3,703	58,220
Parks and Recreation	83,514	546,549	517,394	112,669
Rainy Day	1,236,749	220,242	29,383	1,427,608
Federal Seizure	13,325	-	7,152	6,173
Excess Levy	1,432	45,380	-	46,812
Tax Incremental Financing	4,346,630	1,058,914	1,045,401	4,360,143
Drug Enforcement Aid	10,000	-	-	10,000
Cumulative Capital Development	2,723,724	252,448	67,582	2,908,590
Auburn Drive Project	34,218	-	-	34,218
Maumee River Basin Acquisition Project	100,904	163,777	257,059	7,622
General Improvement	41,859	-	-	41,859
Cumulative Capital Improvement	301,101	34,397	29,868	305,630
CEDIT	1,758,479	478,354	401,401	1,835,432
Self Insurance	1,661,694	1,047,298	1,229,887	1,479,105
Police Pension	139,350	60,956	62,601	137,705
Carr Field Renovations	155	3,155	3,160	150
Fire Territory	853,487	1,890,534	1,725,930	1,018,091
Cumulative Fire Equipment	209,115	170,483	-	379,598
CEDIT Bond and Interest	162,657	-	95,195	67,462
Bear Creek Estates Sewer	-	919	919	-
Contributions To City	129,846	98,478	70,962	157,362
Miscellaneous Federal Grants	-	75,672	70,500	5,172
Multi County Drug Task Force	66,117	32,728	23,411	75,434
Fire Emergency Cleanup	4,094	643	-	4,737
Local Law Enforcement Block Grant	162	-	-	162
Drug Enforcement Grant	18,403	14,384	32,787	-
Police Department Local Grants	2,172	-	202	1,970
DUI Grant	-	6,240	6,240	-
ISTEA/ACD Museum Grant	3,755	-	-	3,755
Industrial Sewer Revenue	118,615	2,205	115,588	5,232
Tower Udag Project	17,280	-	-	17,280
Computer Building Corporation Lease	63,540	-	-	63,540
Fire Station Building Corporation Lease	93,663	176,722	269,555	830
CEDIT Debt Service Reserve	287,650	-	-	287,650
Rieke Park Construction	660	8,216	7,418	1,458
Payroll	-	12,925,434	12,683,832	241,602
Flex	14,545	57,057	58,472	13,130
Electric Operating and Maintenance	2,990,199	33,092,439	34,737,711	1,344,927
Electric Bond and Interest	720	-	-	720
Electric Depreciation	639,416	1,884,567	2,520,612	3,371
Electric Meter Deposit	140,742	93,778	72,147	162,373
Electric Construction	965,382	640,401	1,605,558	225
Electric Cash Reserve	81,317	169,998	170,000	81,315
AES Operating and Maintenance	36,146	1,529,002	1,429,873	135,275
AES Depreciation	1,055,962	204,000	1,043,342	216,620
Electronic Convenience Fees	786	11,025	10,935	876
Wastewater Construction	-	1,474,633	462,138	1,012,495
Wastewater Operating and Maintenance	1,125,218	4,671,108	4,814,336	981,990
Wastewater Bond and Interest	643,974	1,985,320	1,963,181	666,113
Wastewater Depreciation	1,686,053	441,372	67,494	2,059,931
Wastewater Meter Deposit	49,424	25,685	19,959	55,150
Wastewater Replacement	1,017,811	72,000	-	1,089,811
Wastewater Cash Reserve	20,700	282,996	283,000	20,696
Wastewater Debt Service Reserve	1,352,288	-	-	1,352,288
Water Operating and Maintenance	169,939	2,337,881	2,376,090	131,730
Water Bond and Interest	10,619	292,524	292,515	10,628
Water Depreciation	1,348,235	1,806,282	1,810,740	1,343,777
Water Meter Deposit	53,112	15,925	15,730	53,307
Water Cash Reserve	-	139,000	139,000	-
Water Debt Service Reserve	199,670	-	-	199,670
Totals	<u>\$ 29,634,233</u>	<u>\$ 76,514,680</u>	<u>\$ 78,070,740</u>	<u>\$ 28,078,173</u>

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, gas, storm water, trash, aviation, 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 State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts 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.

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,

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 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.

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.

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial 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.

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 Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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 Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF AUBURN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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, 2012

	General	Motor Vehicle Highway	Local Road and Street	Fire Living Quarters	Park Nonreverting	Law Enforcement Continuing Education	Parks and Recreation
Cash and investments - beginning	\$ 960,745	\$ 309,499	\$ 110,901	\$ 451	\$ 117,638	\$ 48,391	\$ 83,514
Receipts:							
Taxes	908,362	1,303,334	-	-	-	-	421,299
Licenses and permits	51,420	-	-	-	-	5,385	-
Intergovernmental	2,483,628	426,536	61,200	-	-	-	35,391
Charges for services	602,774	3,347	-	768	15,650	4,869	87,482
Fines and forfeits	23,529	-	-	-	-	3,278	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	63,708	298	-	-	15,473	-	2,377
Total receipts	<u>4,133,421</u>	<u>1,733,515</u>	<u>61,200</u>	<u>768</u>	<u>31,123</u>	<u>13,532</u>	<u>546,549</u>
Disbursements:							
Personal services	1,898,862	671,755	-	-	-	-	326,877
Supplies	107,399	228,303	-	-	11,645	13	56,165
Other services and charges	1,306,181	526,578	56,601	-	9,737	3,690	84,081
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	373,789	52,021	-	-	-	-	50,271
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	177,784	-	-	122	-	-	-
Total disbursements	<u>3,864,015</u>	<u>1,478,657</u>	<u>56,601</u>	<u>122</u>	<u>21,382</u>	<u>3,703</u>	<u>517,394</u>
Excess (deficiency) of receipts over disbursements	<u>269,406</u>	<u>254,858</u>	<u>4,599</u>	<u>646</u>	<u>9,741</u>	<u>9,829</u>	<u>29,155</u>
Cash and investments - ending	<u>\$ 1,230,151</u>	<u>\$ 564,357</u>	<u>\$ 115,500</u>	<u>\$ 1,097</u>	<u>\$ 127,379</u>	<u>\$ 58,220</u>	<u>\$ 112,669</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Rainy Day	Federal Seizure	Excess Levy	Tax Incremental Financing	Drug Enforcement Aid	Cumulative Capital Development	Auburn Drive Project
Cash and investments - beginning	\$ 1,236,749	\$ 13,325	\$ 1,432	\$ 4,346,630	\$ 10,000	\$ 2,723,724	\$ 34,218
Receipts:							
Taxes	-	-	-	959,039	-	230,368	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	15,997	67,200	-	18,221	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	220,242	-	29,383	32,675	-	3,859	-
Total receipts	<u>220,242</u>	<u>-</u>	<u>45,380</u>	<u>1,058,914</u>	<u>-</u>	<u>252,448</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	558	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,044,843	-	67,582	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	29,383	7,152	-	-	-	-	-
Total disbursements	<u>29,383</u>	<u>7,152</u>	<u>-</u>	<u>1,045,401</u>	<u>-</u>	<u>67,582</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>190,859</u>	<u>(7,152)</u>	<u>45,380</u>	<u>13,513</u>	<u>-</u>	<u>184,866</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,427,608</u>	<u>\$ 6,173</u>	<u>\$ 46,812</u>	<u>\$ 4,360,143</u>	<u>\$ 10,000</u>	<u>\$ 2,908,590</u>	<u>\$ 34,218</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Maumee River Basin Acquisition Project	General Improvement	Cumulative Capital Improvement	CEDIT	Self Insurance	Police Pension	Carr Field Renovations
Cash and investments - beginning	\$ 100,904	\$ 41,859	\$ 301,101	\$ 1,758,479	\$ 1,661,694	\$ 139,350	\$ 155
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	147,797	-	33,766	476,131	-	60,802	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	15,980	-	631	2,223	1,047,298	154	3,155
Total receipts	<u>163,777</u>	<u>-</u>	<u>34,397</u>	<u>478,354</u>	<u>1,047,298</u>	<u>60,956</u>	<u>3,155</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	37,726	-	62,601	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	29,868	311,218	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	257,059	-	-	52,457	1,229,887	-	3,160
Total disbursements	<u>257,059</u>	<u>-</u>	<u>29,868</u>	<u>401,401</u>	<u>1,229,887</u>	<u>62,601</u>	<u>3,160</u>
Excess (deficiency) of receipts over disbursements	<u>(93,282)</u>	<u>-</u>	<u>4,529</u>	<u>76,953</u>	<u>(182,589)</u>	<u>(1,645)</u>	<u>(5)</u>
Cash and investments - ending	<u>\$ 7,622</u>	<u>\$ 41,859</u>	<u>\$ 305,630</u>	<u>\$ 1,835,432</u>	<u>\$ 1,479,105</u>	<u>\$ 137,705</u>	<u>\$ 150</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Fire Territory	Cumulative Fire Equipment	CEDIT Bond and Interest	Bear Creek Estates Sewer	Contributions To City	Miscellaneous Federal Grants	Multi County Drug Task Force
Cash and investments - beginning	\$ 853,487	\$ 209,115	\$ 162,657	\$ -	\$ 129,846	\$ -	\$ 66,117
Receipts:							
Taxes	1,742,979	157,120	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	144,793	13,052	-	-	-	75,672	-
Charges for services	-	-	-	-	1,850	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,762	311	-	919	96,628	-	32,728
Total receipts	<u>1,890,534</u>	<u>170,483</u>	<u>-</u>	<u>919</u>	<u>98,478</u>	<u>75,672</u>	<u>32,728</u>
Disbursements:							
Personal services	1,455,885	-	-	-	-	-	-
Supplies	48,338	-	-	-	-	-	-
Other services and charges	113,795	-	-	-	-	-	-
Debt service - principal and interest	-	-	95,195	-	-	-	-
Capital outlay	105,935	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,977	-	-	919	70,962	70,500	23,411
Total disbursements	<u>1,725,930</u>	<u>-</u>	<u>95,195</u>	<u>919</u>	<u>70,962</u>	<u>70,500</u>	<u>23,411</u>
Excess (deficiency) of receipts over disbursements	<u>164,604</u>	<u>170,483</u>	<u>(95,195)</u>	<u>-</u>	<u>27,516</u>	<u>5,172</u>	<u>9,317</u>
Cash and investments - ending	<u>\$ 1,018,091</u>	<u>\$ 379,598</u>	<u>\$ 67,462</u>	<u>\$ -</u>	<u>\$ 157,362</u>	<u>\$ 5,172</u>	<u>\$ 75,434</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Fire Emergency Cleanup	Local Law Enforcement Block Grant	Drug Enforcement Grant	Police Department Local Grants	DUI Grant	ISTEA/ACD Museum Grant	Industrial Sewer Revenue
Cash and investments - beginning	\$ 4,094	\$ 162	\$ 18,403	\$ 2,172	\$ -	\$ 3,755	\$ 118,615
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	14,384	-	6,240	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	643	-	-	-	-	-	2,205
Total receipts	<u>643</u>	<u>-</u>	<u>14,384</u>	<u>-</u>	<u>6,240</u>	<u>-</u>	<u>2,205</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	32,787	202	6,240	-	115,588
Total disbursements	<u>-</u>	<u>-</u>	<u>32,787</u>	<u>202</u>	<u>6,240</u>	<u>-</u>	<u>115,588</u>
Excess (deficiency) of receipts over disbursements	<u>643</u>	<u>-</u>	<u>(18,403)</u>	<u>(202)</u>	<u>-</u>	<u>-</u>	<u>(113,383)</u>
Cash and investments - ending	<u>\$ 4,737</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 1,970</u>	<u>\$ -</u>	<u>\$ 3,755</u>	<u>\$ 5,232</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Tower Udag Project	Computer Building Corporation Lease	Fire Station Building Corporation Lease	CEDIT Debt Service Reserve	Rieke Park Construction	Payroll	Flex
Cash and investments - beginning	\$ 17,280	\$ 63,540	\$ 93,663	\$ 287,650	\$ 660	\$ -	\$ 14,545
Receipts:							
Taxes	-	-	138,509	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	10,955	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	27,258	-	8,216	12,925,434	57,057
Total receipts	-	-	176,722	-	8,216	12,925,434	57,057
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	269,555	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	7,418	12,683,832	58,472
Total disbursements	-	-	269,555	-	7,418	12,683,832	58,472
Excess (deficiency) of receipts over disbursements	-	-	(92,833)	-	798	241,602	(1,415)
Cash and investments - ending	\$ 17,280	\$ 63,540	\$ 830	\$ 287,650	\$ 1,458	\$ 241,602	\$ 13,130

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Electric Operating and Maintenance	Electric Bond and Interest	Electric Depreciation	Electric Meter Deposit	Electric Construction	Electric Cash Reserve
Cash and investments - beginning	\$ 2,990,199	\$ 720	\$ 639,416	\$ 140,742	\$ 965,382	\$ 81,317
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	28,962,632	-	-	-	-	-
Penalties	63,064	-	-	-	-	-
Other receipts	4,066,743	-	1,884,567	93,778	640,401	169,998
Total receipts	33,092,439	-	1,884,567	93,778	640,401	169,998
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	28,604,846	-	-	-	-	-
Other disbursements	6,132,865	-	2,520,612	72,147	1,605,558	170,000
Total disbursements	34,737,711	-	2,520,612	72,147	1,605,558	170,000
Excess (deficiency) of receipts over disbursements	(1,645,272)	-	(636,045)	21,631	(965,157)	(2)
Cash and investments - ending	\$ 1,344,927	\$ 720	\$ 3,371	\$ 162,373	\$ 225	\$ 81,315

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	AES Operating and Maintenance	AES Depreciation	Electronic Convenience Fees	Wastewater Construction	Wastewater Operating and Maintenance	Wastewater Bond and Interest
Cash and investments - beginning	\$ 36,146	\$ 1,055,962	\$ 786	\$ -	\$ 1,125,218	\$ 643,974
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	80,642	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	6,319	-	-	-	4,293,051	-
Penalties	17,370	-	-	-	67,632	-
Other receipts	1,505,313	204,000	11,025	1,393,991	310,425	1,985,320
Total receipts	<u>1,529,002</u>	<u>204,000</u>	<u>11,025</u>	<u>1,474,633</u>	<u>4,671,108</u>	<u>1,985,320</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	1,333,504	-
Other disbursements	1,429,873	1,043,342	10,935	462,138	3,480,832	1,963,181
Total disbursements	<u>1,429,873</u>	<u>1,043,342</u>	<u>10,935</u>	<u>462,138</u>	<u>4,814,336</u>	<u>1,963,181</u>
Excess (deficiency) of receipts over disbursements	<u>99,129</u>	<u>(839,342)</u>	<u>90</u>	<u>1,012,495</u>	<u>(143,228)</u>	<u>22,139</u>
Cash and investments - ending	<u>\$ 135,275</u>	<u>\$ 216,620</u>	<u>\$ 876</u>	<u>\$ 1,012,495</u>	<u>\$ 981,990</u>	<u>\$ 666,113</u>

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Wastewater Depreciation	Wastewater Meter Deposit	Wastewater Replacement	Wastewater Cash Reserve	Wastewater Debt Service Reserve	Water Operating and Maintenance
Cash and investments - beginning	\$ 1,686,053	\$ 49,424	\$ 1,017,811	\$ 20,700	\$ 1,352,288	\$ 169,939
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,134,733
Penalties	-	-	-	-	-	12,140
Other receipts	441,372	25,685	72,000	282,996	-	191,008
Total receipts	441,372	25,685	72,000	282,996	-	2,337,881
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	924,864
Other disbursements	67,494	19,959	-	283,000	-	1,451,226
Total disbursements	67,494	19,959	-	283,000	-	2,376,090
Excess (deficiency) of receipts over disbursements	373,878	5,726	72,000	(4)	-	(38,209)
Cash and investments - ending	\$ 2,059,931	\$ 55,150	\$ 1,089,811	\$ 20,696	\$ 1,352,288	\$ 131,730

CITY OF AUBURN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Water Bond and Interest	Water Depreciation	Water Meter Deposit	Water Cash Reserve	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 10,619	\$ 1,348,235	\$ 53,112	\$ -	\$ 199,670	\$ 29,634,233
Receipts:						
Taxes	-	-	-	-	-	5,861,010
Licenses and permits	-	-	-	-	-	56,805
Intergovernmental	-	-	-	-	-	4,172,407
Charges for services	-	-	-	-	-	716,740
Fines and forfeits	-	-	-	-	-	26,807
Utility fees	-	-	-	-	-	35,396,735
Penalties	-	-	-	-	-	160,206
Other receipts	292,524	1,806,282	15,925	139,000	-	30,123,970
Total receipts	292,524	1,806,282	15,925	139,000	-	76,514,680
Disbursements:						
Personal services	-	-	-	-	-	4,353,379
Supplies	-	-	-	-	-	451,863
Other services and charges	-	-	-	-	-	2,201,548
Debt service - principal and interest	-	-	-	-	-	364,750
Capital outlay	-	-	-	-	-	2,035,527
Utility operating expenses	-	-	-	-	-	30,863,214
Other disbursements	292,515	1,810,740	15,730	139,000	-	37,800,459
Total disbursements	292,515	1,810,740	15,730	139,000	-	78,070,740
Excess (deficiency) of receipts over disbursements	9	(4,458)	195	-	-	(1,556,060)
Cash and investments - ending	\$ 10,628	\$ 1,343,777	\$ 53,307	\$ -	\$ 199,670	\$ 28,078,173

CITY OF AUBURN  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Electric Utility	\$ 2,015,065	\$ 394,547
Wastewater Utility	93,908	193,264
Water Utility	27,236	79,894
Governmental activities	627,338	34,120
Totals	\$ 2,763,547	\$ 701,825

CITY OF AUBURN  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

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
Leaf Financial	Folder/Sorter/Inserter	7,044	05-14-09	05-14-14
Pitney Bowes	Postage Meter	1,740	02-25-09	02-25-14
Xerox	Building Dept Copier/Printer	1,080	08-18-08	08-18-12
Xerox	PD Copier/Printer	3,577	08-22-08	08-22-12
Xerox	FD Copier/Printer	2,292	04-26-07	04-26-12
Xerox	AES/IS Copier/Printer	5,208	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>29,677</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>1,008</u>	02-17-11	02-17-15
Total Wastewater Utility		<u>3,756</u>		
Water:				
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>\$ 38,561</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	\$ 134,922
Wastewater Utility			
Revenue bonds	Refund 1995 EDIT Bonds	3,095,000	744,790
Revenue bonds	Sewer Works Improvements	1,450,000	254,457
Revenue bonds	Sewer Works Improvements	13,265,132	340,178
Tax anticipation warrants	Sewer Works Bond Anticipation (SRF)	<u>5,000,000</u>	-
Total Wastewater		<u>22,810,132</u>	<u>1,339,425</u>
Water Utility			
Revenue bonds	Refund O/S Waterworks Revenue Bonds of 2000	<u>1,556,270</u>	<u>292,521</u>
Totals		<u>\$ 27,746,402</u>	<u>\$ 1,766,868</u>

CITY OF AUBURN  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

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	1,436,735
Machinery, equipment, and vehicles	8,327,574
Construction in progress	3,130,814
Total governmental activities	52,206,407
Electric Utility:	
Land	701,589
Infrastructure	28,849,473
Buildings	2,114,373
Improvements other than buildings	1,203,729
Machinery, equipment, and vehicles	7,694,880
Construction in progress	10,049,515
Total Electric Utility	50,613,559
Wastewater Utility:	
Land	377,757
Infrastructure	13,447,993
Buildings	11,402,027
Improvements other than buildings	1,509,413
Machinery, equipment, and vehicles	14,651,905
Construction in progress	19,607,209
Total Wastewater Utility	60,996,304
Water Utility:	
Land	735,068
Infrastructure	8,478,392
Buildings	2,266,264
Improvements other than buildings	1,244,412
Machinery, equipment, and vehicles	6,876,521
Construction in progress	2,120,930
Total Water Utility	21,721,587
Total capital assets	\$ 185,537,857

CITY OF AUBURN  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)***

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 the following errors: local matching funds were sometimes included on the Schedule, Capitalization Grants for Clean Water State Revolving Funds was understated, Electricity Delivery and Energy Reliability, Research, Development and Analysis and Community Development Block Grants/State's Program and Non-Entitlement Program in Hawaii were overstated. 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)

***INTERNAL CONTROLS OVER PAYROLL PROCESSING***

We noted several deficiencies in the internal control system of the City related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

CITY OF AUBURN  
AUDIT RESULTS AND COMMENTS  
(Continued)

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the City to reduce risks to the achievement of financial reporting objectives. The City has not separated incompatible activities related to payroll and related liabilities. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. The City's payroll processing is handled primarily by one staff person in the City Clerk-Treasurer's office. Hours worked are maintained on a computer program or by time clock based upon the department. The payroll staff person inputs the information from the departments into the computerized payroll system, issues the payments for employee benefits and related payroll expenses, and reconciles the direct deposit listing to a detailed employee list.
2. Monitoring of Controls: Effective internal control over financial reporting requires the Common Council to monitor and assess the quality of the City's system of internal control. The Common Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the City at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the City has no process to identify or communicate corrective actions to improve controls.

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)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2012. 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, 2012.

***Other Matters***

The City's response to our audit is described in the accompanying Official Response. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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 type 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 City's response to our audit is described in the accompanying Official Response. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Bruce Hartman  
State Examiner

August 22, 2013

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2012

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 Agriculture</u>				
Urban and Community Forestry Program Great Lakes Restoration Initiative - Urban and Community Forestry	Indiana Department of Natural Resources	10.675	300FR10GLR2010	\$ 7,240
Total - Department of Agriculture				<u>7,240</u>
<u>Department of Housing and Urban Development</u>				
CDBG State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Program in Hawaii NS SWR Separation	Indiana Office of Community and Rural Affairs	14.228	CF-11-203	80,642
Community Development Block Grants/State's Program and Non-Entitlement Program in Hawaii CDBG - Downtown Revialization	Indiana Office of Community and Rural Affairs	14.228	PL-10-006	<u>20,000</u>
Total - CDBG - State-Administered CDBG Cluster				<u>100,642</u>
Total - Department of Housing and Urban Development				<u>100,642</u>
<u>Department of Justice</u>				
JAG Program Cluster Edward Byrne Memorial Justice Assistance Grant Program Drug Enforcement Grant	Indiana Criminal Justice Institute	16.738	10-DJ-021	14,384
Edward Byrne Memorial Justice Assistance Grant Program Taser Grant	Indiana Criminal Justice Institute	16.738	10-DJ-054	<u>9,990</u>
Total - JAG Program Cluster				<u>24,374</u>
ARRA - Public Safety and Community Policing Grants, Recovery Act COPS	Direct	16.710	2011-UM-WX-0060	<u>50,421</u>
Total - Department of Justice				<u>74,795</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Street Sign Project	Indiana Department of Transportation	20.205	11-72004	40,500
N/S Trail		20.205	09-01701	<u>67,200</u>
Total - Highway Planning and Construction				<u>107,700</u>
Total - Highway Planning and Construction Cluster				<u>107,700</u>

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

CITY OF AUBURN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012  
(Continued)

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 Transportation (continued)</u>				
Highway Safety Cluster				
State and Community Highway Safety	Town of Hudson	20.600		<u>5,565</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	Town of Hudson	20.601		<u>675</u>
Total - Highway Safety Cluster				<u>6,240</u>
Total - Department of Transportation				<u>113,940</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458	WW09051703	<u>608,827</u>
Total - Environmental Protection Agency				<u>608,827</u>
<u>Department of Energy</u>				
ARRA - Electricity Delivery and Energy Reliability Research Development and Analysis, Recovery Act	Direct	81.122	DE-OE0000287	<u>558,401</u>
Total - Department of Energy				<u>558,401</u>
<u>Department of Homeland Security</u>				
Flood Mitigation Assistance	Indiana Dept of Homeland Security	97.029	C44P-1-025A	<u>47,054</u>
Hazard Mitigation Grant	Indiana Dept of Homeland Security	97.039	C44P-1-079A	25,345
		97.039	C44P-1-397A	<u>40,841</u>
Total - Hazard Mitigation Grant				<u>66,186</u>
Pre-Disaster Mitigation	Indiana Dept of Homeland Security	97.047	C44P-1-060A	<u>34,557</u>
Total - Department of Homeland Security				<u>147,797</u>
Total federal awards expended				<u><u>\$ 1,611,642</u></u>

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 of Auburn 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?	yes
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
66.458	Capitalization Grants for Clean Water State Revolving Funds
81.122	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**

**FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

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.

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

During the audit of the SEFA, we noted the following errors: local matching funds were sometimes included on the Schedule, Capitalization Grants for Clean Water State Revolving Funds was understated, Electricity Delivery and Energy Reliability, Research, Development and Analysis and Community Development Block Grants/State's Program and Non-Entitlement Program in Hawaii were overstated. 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.

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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."

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 sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide 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 sub-recipients from each Federal program.

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

- (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."

***FINDING 2012-2 - INTERNAL CONTROLS OVER FINANCIAL  
TRANSACTIONS AND REPORTING - PAYROLL PROCESSING***

We noted several deficiencies in the internal control system of the City related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the City to reduce risks to the achievement of financial reporting objectives. The City has not separated incompatible activities related to payroll and related liabilities. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. The City's payroll processing is handled primarily by one staff person in the City Clerk-Treasurer's office. Hours worked are maintained on a computer program or by time clock based upon the department. The payroll staff person inputs the information from the departments into the computerized payroll system, issues the payments for employee benefits and related payroll expenses, and reconciles the direct deposit listing to a detailed employee list.
2. Monitoring of Controls: Effective internal control over financial reporting requires the Common Council to monitor and assess the quality of the City's system of internal control. The Common Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the City at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the City has no process to identify or communicate corrective actions to improve controls.

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)

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

No matters are reportable.



# Clerk-Treasurer's Office

PO Box 506 Auburn, Indiana 46706 | 260.925.6450 phone | 260.920.3341 fax | clerktreasurer@ci.auburn.in.us | www.ci.auburn.in.us

Patricia M. Miller  
Clerk-Treasurer

August 22, 2013

## CORRECTIVE ACTION PLAN

We have reviewed our internal control system and have designed the following control procedures; which will ensure the correction of our deficiencies:

- Finding 2012-1 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Plan: In order to strengthen the internal controls over the preparation of the financial statements, specifically the Schedule of Federal Expenditures, we agree to obtain a better understanding of exactly what information is to be reported on the document to ensure accuracy and completeness. We will cross reference the accounting system with the spreadsheet of grants and awards so as to include only federal monies expensed.

- Finding 2012-2 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING-PAYROLL PROCESSING

Plan:

1. In order to improve the segregation of duties as it relates to Payroll Processing, effective with the payroll ending July 20, 2013, we have implemented an approval process through the PDF report generated by the Deputy Clerk Treasurer. The Pay Day Register report is now emailed to the Clerk-Treasurer for review and "Approval" stamp which includes date/time stamp. This must be approved before the bi-weekly payroll process is complete. The document "lives" on a protected network drive only accessible to the Clerk-Treasurer and Deputy Clerk-Treasurer.
2. In order to strengthen the internal controls over financial reporting, the Clerk-Treasurer shall announce during a regular meeting that the bank reconciliation and statement of cash position have been made available to the Common Council Members. It is our understanding that no action by Council need be taken, however, the minutes must reflect the presentation took place.

  
Patricia M. Miller, Clerk-Treasurer

8.22.2013  
Date

CITY OF AUBURN  
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2013, with Patricia M. Miller, Clerk-Treasurer, and Norman E. Yoder, Mayor. The Official Response has been made a part of this report and may be found on page 46.



# Clerk-Treasurer's Office

PO Box 506 Auburn, Indiana 46706 | 260.925.6450 phone | 260.920.3341 fax | clerktreasurer@ci.auburn.in.us | www.ci.auburn.in.us

Patricia M. Miller  
Clerk-Treasurer

August 22, 2013

## City of Auburn Audit Official Response

This document is in response to the Audit Results and Comments presented during the exit conference for the recently completed audit of the Civil City of Auburn.

- **Comment One: INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

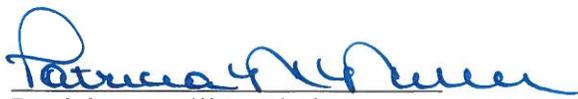
In order to strengthen the internal controls over the preparation of the financial statements, specifically the Schedule of Federal Expenditures, we agree to obtain a better understanding of exactly what information is to be reported on the document to ensure accuracy and completeness. We will cross reference the accounting system with the spreadsheet of grants and awards so as to include only federal monies expensed.

- **Comment Two: INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING-PAYROLL PROCESSING**

1. In order to improve the segregation of duties as it relates to Payroll Processing, effective with the payroll ending July 20, 2013, we have implemented an approval process through the PDF report generated by the Deputy Clerk Treasurer. The Pay Day Register report is now emailed to the Clerk-Treasurer for review and "Approval" stamp which includes date/time stamp. This must be approved before the bi-weekly payroll process is complete. The document "lives" on a protected network drive only accessible to the Clerk-Treasurer and Deputy Clerk-Treasurer.
2. In order to strengthen the internal controls over financial reporting, the Clerk-Treasurer shall announce during a regular meeting that the bank reconciliation and statement of cash position have been made available to the Common Council Members. It is our understanding that no action by Council need be taken, however, the minutes must reflect the presentation took place.

The City of Auburn, as noted above, will make all necessary changes in our procedures to avoid future issues.

Thank you for your guidance and assistance.

  
Patricia M. Miller, Clerk-Treasurer

8.22.2013  
Date