

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

EXAMINATION REPORT
OF
CITY OF AUBURN
DEKALB COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
12/29/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia M. Miller	01-01-04 to 12-31-07
Mayor	Norman E. Yoder	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Norman E. Yoder	01-01-04 to 12-31-07
President of the Common Council	Richard Ring Richard Crawford David Painter	01-01-05 to 12-31-05 01-01-06 to 02-21-06 02-22-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Auburn (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 29, 2006

CITY OF AUBURN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 149,884	\$ 7,076,668	\$ 5,228,704	\$ 1,997,848
Motor Vehicle Highway	(150,223)	2,032,408	1,443,848	438,337
Local Road and Street	57,377	63,885	32,488	88,774
Park and Recreation	(96,258)	931,528	542,173	293,097
Law Enforcement Continuing Education	6,332	6,310	7,961	4,681
Rainy Day	81,256	5,000	5,000	81,256
Donation	98,670	80,588	103,075	76,183
Cumulative Capital Improvement	86,332	39,561	-	125,893
Cumulative Capital Development	1,059,044	409,126	109,422	1,358,748
County Economic Development Income Tax	1,366,689	448,071	257,210	1,557,550
Park Nonreverting	90,972	51,571	36,934	105,609
Rieke Park Construction	608,183	22,053	398,134	232,102
State/Federal Grant	-	400	-	400
Fire Living Quarters	149	1,993	1,861	281
Fire Station Building Corporation Lease	(104,613)	506,783	290,669	111,501
Computer Building Corporation Lease	6,712	63,572	6,744	63,540
Airport Sewer Grant	54,259	-	54,259	-
Brownfield Project	420	-	420	-
Auburn Drive Project	34,218	60,465	60,465	34,218
Police Department Local Grants	8,153	-	6,981	1,172
Drug Enforcement Aid	4,768	-	4,768	-
Drug Enforcement Grant	12,331	47,086	44,366	15,051
DUI Grant	-	4,200	4,200	-
ISTEA/ACD Museum Grant	-	3,755	-	3,755
Tower UDAG Project	17,280	-	-	17,280
Multi-County Drug Task Force	40,892	27,628	17,153	51,367
Local Law Enforcement Block Grant	162	-	-	162
General Improvement	41,859	-	-	41,859
Industrial Sewer Revolving	78,346	-	-	78,346
Tax Incremental Financing	1,649,479	2,561,885	84,312	4,127,052
CEDIT Debt Service Reserve	271,170	-	-	271,170
Levy Excess	-	322,223	-	322,223
Proprietary Funds:				
Water Utility - Operating	1,107,246	2,716,222	2,776,438	1,047,030
Water Utility - Bond and Interest	1,653	528,282	528,277	1,658
Water Utility - Depreciation	912,481	330,000	106,741	1,135,740
Water Utility - Customer Deposit	38,655	20,619	17,259	42,015
Water Utility - Construction	651,601	14,663	130,476	535,788
Water Utility - Debt Service Reserve	542,085	-	-	542,085
Water Utility - Cash Reserve	-	95,500	95,500	-
Wastewater Utility - Operating	1,840,296	3,667,319	3,305,565	2,202,050
Wastewater Utility - Bond and Interest	1,374	403,300	325,675	78,999
Wastewater Utility - Depreciation	821,541	671,812	547,112	946,241
Wastewater Utility - Customer Deposit	18,088	8,545	7,185	19,448
Wastewater Utility - Improvement	829,198	90,000	18,000	901,198
Wastewater Utility - Debt Service Reserve	765,720	-	-	765,720
Wastewater Utility - Cash Reserve	11,700	199,500	196,500	14,700
Electric Utility - Operating	4,677,349	22,217,554	22,453,581	4,441,322
Electric Utility - Bond and Interest	720	-	-	720
Electric Utility - Depreciation	4,841,592	1,875,750	2,448,182	4,269,160
Electric Utility - Customer Deposit	58,897	26,867	25,620	60,144
Electric Utility - Cash Reserve	339,517	-	200,000	139,517
Self-insurance	946,620	1,069,270	646,074	1,369,816
Fiduciary Funds:				
Police Officers' Pension	220,714	42,359	59,567	203,506
Flex	-	34,270	33,446	824
Cobra Administration	531	7,858	3,552	4,837
Payroll	-	9,419,215	9,419,215	-
Totals	\$ 24,101,421	\$ 58,205,664	\$ 52,085,112	\$ 30,221,973

The accompanying notes are an integral part of the schedules.

CITY OF AUBURN
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, culture and recreation, public improvements, planning and zoning, general administrative, urban redevelopment, electric, water, and wastewater services.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

CITY OF AUBURN
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

CITY OF AUBURN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2005

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,454,996
Infrastructure	17,241,879
Buildings	2,830,678
Improvements other than buildings	1,333,510
Machinery and equipment	8,352,719
Construction in progress	<u>1,718,156</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 32,931,938</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 735,068
Construction in progress	784,100
Capital assets, being depreciated:	
Buildings	3,525,707
Improvements other than buildings	12,245,894
Machinery and equipment	528,592
Transportation equipment	<u>264,415</u>
 Total Water Utility capital assets	 <u>18,083,776</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	377,757
Construction in progress	1,982,716
Capital assets, being depreciated:	
Buildings	6,255,880
Improvements other than buildings	21,565,722
Machinery and equipment	8,690,518
Transportation equipment	<u>306,119</u>
 Total Wastewater Utility capital assets	 <u>39,178,712</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	701,589
Construction in progress	7,186,869
Capital assets, being depreciated:	
Buildings	2,540,806
Improvements other than buildings	20,253,613
Machinery and equipment	1,401,459
Transportation equipment	<u>1,486,803</u>
 Total Electric Utility capital assets	 <u>33,571,139</u>
 Total business-type activities capital assets	 <u>\$ 90,833,627</u>

CITY OF AUBURN
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 2005

The City has entered into the following long-term debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Fire station	\$ 1,600,000	\$ 200,000
Police copier	10,333	3,101
Park tractor	17,815	8,696
Loan payable (Auburn EDIT SRF)	<u>2,695,000</u>	<u>170,000</u>
Total governmental activities long-term debt	<u><u>\$ 4,323,148</u></u>	<u><u>\$ 381,797</u></u>
Business-type Activities:		
Water Utility		
Capital lease:		
Copier	\$ 6,054	\$ 2,260
Revenue bonds:		
1993 Improvement	235,000	90,000
2000 Improvement	<u>3,620,000</u>	<u>130,000</u>
Total Water Utility	<u>3,861,054</u>	<u>222,260</u>
Wastewater Utility		
Capital lease:		
Copier	6,054	2,260
State Revolving Fund Loan payable	<u>6,315,000</u>	<u>30,000</u>
Total Wastewater Utility	<u>6,321,054</u>	<u>32,260</u>
Electric Utility:		
Capital lease:		
Copier	<u>6,054</u>	<u>2,260</u>
Total business-type activities long-term debt:	<u><u>\$ 10,188,162</u></u>	<u><u>\$ 256,780</u></u>

CITY OF AUBURN
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2006, with Patricia M. Miller, Clerk-Treasurer; and Norman E. Yoder, Mayor. Our examination disclosed no material items that warrant comment at this time.