

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF AUBURN

DEKALB COUNTY, INDIANA

January 1, 2018 to December 31, 2019



**FILED**  
10/27/2020



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Audit Result and Comment:	
MVH Restricted Fund.....	6
Exit Conference .....	7
Municipal Utilities:	
Audit Result and Comment:	
Internal Controls over Notes and Note Schedules, Capital	
Assets, and Net Position .....	10
Exit Conference .....	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia M. Miller	01-01-18 to 12-31-20
Mayor	Norman E. Yoder Michael D. Ley	01-01-18 to 12-31-19 01-01-20 to 12-31-20
President of the Board of Public Works and Safety	Norman E. Yoder Michael D. Ley	01-01-18 to 12-31-19 01-01-20 to 12-31-20
President Pro Tempore of the Common Council	Mike Watson Dennis Ketzenberger James Finchum	01-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-20
Superintendent of Water Utility	Randy Harvey	01-01-18 to 12-31-20
Superintendent of Wastewater Utility	David Lochner Todd Sattison	01-01-18 to 12-31-19 01-01-20 to 12-31-20
Superintendent of Electric Utility	Christopher Schweitzer	01-01-18 to 12-31-20
Superintendent of Essential Services Utility	Christopher Schweitzer	01-01-18 to 12-31-20



**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)

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

This report is supplemental to our audit report of the City of Auburn (City), for the period from January 1, 2018 to December 31, 2019. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

October 21, 2020

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CLERK-TREASURER  
CITY OF AUBURN

CLERK-TREASURER  
CITY OF AUBURN  
AUDIT RESULT AND COMMENT

**MVH RESTRICTED FUND**

*Condition and Context*

The City did not establish a Motor Vehicle Highway (MVH) Restricted fund in their records and it was not shown on the Annual Financial Report. The City accounted for MVH Restricted revenues and expenses as separate organizational categories within the MVH fund, fund 200.

*Criteria*

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

Counties

Fund 1176	MVH
Fund 1173	MVH Restricted

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

**Together, MVH and MVH Restricted shall constitute the total MVH Fund.** MVH and MVH Restricted will be shown separately on the Annual Financial Report and Annual Operational Report.

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
CITY OF AUBURN  
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2020, with Patricia M. Miller, Clerk-Treasurer; Tina Shipe, Deputy Clerk-Treasurer; Michael D. Ley, Mayor; and Kevin Webb, Common Council member.

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MUNICIPAL UTILITIES  
CITY OF AUBURN

MUNICIPAL UTILITIES  
CITY OF AUBURN  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER NOTES AND NOTE SCHEDULES,  
CAPITAL ASSETS, AND NET POSITION**

*Condition and Context*

The Notes and Note Schedules to the financial statements, Capital Assets, and Net Position were completed by one employee; however, there was no documented evidence to indicate a review was completed over the Notes and Note Schedules, Capital Assets, and Net Position. Both are completed by the Deputy Clerk-Treasurer and forwarded to the Clerk-Treasurer for review and approval; however, there was no documented evidence that a review or approval was performed.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

MUNICIPAL UTILITIES  
CITY OF AUBURN  
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2020, with Patricia M. Miller, Clerk-Treasurer; Tina Shipe, Deputy Clerk-Treasurer; Michael D. Ley, Mayor; and Kevin Webb, Common Council member.