

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF AVON
HENDRICKS COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
12/27/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon K. Howell	01-01-04 to 12-31-07
President of the Town Council	Eva Yackey	01-01-05 to 12-31-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF AVON, HENDRICKS COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the Town of Avon (Town), for the period of January 1, 2005 to December 31, 2005. The Town's management is responsible for the schedule. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedule referred to above presents fairly, in all material respects, the cash transactions of the Town 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.

The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the examination procedures applied by us in the examination of the schedules referred to above and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 12, 2006

TOWN OF AVON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 617,420	\$ 3,129,659	\$ 2,945,357	\$ 801,722
Motor Vehicle Highway	219,877	559,782	492,001	287,658
Local Road and Street	146,793	83,331	105,200	124,924
Law Enforcement Continuing Education	26,262	7,566	-	33,828
Riverboat	-	39,398	10,627	28,771
Rainy Day	302,308	-	-	302,308
Cumulative Capital Improvement	27,078	19,314	46,060	332
Cumulative Capital Development	287,640	187,849	171,801	303,688
Cedit Capital Projects	629,221	335,120	327,398	636,943
Brick Paving and Park Improvement	4,395	90	49	4,436
Court	41,703	30,809	9,881	62,631
Infrastructure Contribution	5,990	1,330	-	7,320
Intersection Project	622,291	1,079	366,974	256,396
TIF	1,205,505	856,057	449,530	1,612,032
Tree Mitigation	-	13,740	11,766	1,974
Food and Beverage	-	104,598	-	104,598
Fiduciary Funds:				
Payroll	7,225	42,127	39,528	9,824
Flexible Spending	-	11,571	6,014	5,557
Totals	<u>\$ 4,143,708</u>	<u>\$ 5,423,420</u>	<u>\$ 4,982,186</u>	<u>\$ 4,584,942</u>

The accompanying notes are an integral part of the schedule.

TOWN OF AVON
NOTES TO SCHEDULE

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town 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 Town 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 Town 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 Town 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 6. Long-Term Debt

The Town has entered into various debts such as capital leases for various automobiles, a note payable for police cars, general obligation bonds for the construction and renovation of town facilities and grounds and revenue bonds for the improvement of roads. The outstanding principal at December 31, 2005, was \$143,689, \$12,831 \$4,115,000, and \$932,000, respectively.

TOWN OF AVON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2005

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	\$ 1,000,001
Infrastructure	20,071,114
Buildings	856,612
Machinery and equipment	<u>570,556</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 22,498,283</u>

TOWN OF AVON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2005

The Town of Avon has entered into the following capital leases, loans and bonds:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Various autos Lincoln lease #41360	\$ 34,895	\$ 15,509
Various autos Lincoln lease #41359	28,888	23,109
Various autos Old National lease	22,163	14,775
Various autos First National lease	57,743	28,872
AMFC \$2,175,000 First Mortgage Bonds, Series 2004*	2,145,000	60,000
AMFC \$1,970,000 First Mortgage Refunding Bonds, Series 2005*	1,970,000	115,000
Notes and loans payable	12,831	8,847
Revenue bonds:		
Town of Avon, \$1,000,000 Transportation Revenue Bond, Series 2003	<u>932,000</u>	<u>35,000</u>
Total governmental activities long-term debt	<u>\$ 5,203,520</u>	<u>\$ 301,112</u>

* Lease rental bonds

TOWN OF AVON
EXAMINATION RESULT AND COMMENT

SALES TAX PAID ON PURCHASES (Applies to the Police Department)

The Police Department paid sales tax on petty cash purchases on 13 out of 18 transactions that comprised the September 8, 2006, petty cash reimbursement claim. A review of the Police Department's 2005 petty cash reimbursements also revealed sales tax being paid on purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF AVON
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2006, with Sharon K. Howell, Clerk-Treasurer; and Tom Klein, Town Manager. The officials concurred with our finding.