

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

ANNUAL FINANCIAL REPORT

2010

TOWN OF AVON

HENDRICKS COUNTY, INDIANA



FILED
06/15/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon K. Howell	01-01-08 to 12-31-11
President of the Town Council	Greg Zusan Michael C. Rogers	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement of the Town of Avon (Town), for the year ended December 31, 2010. This financial statement is the responsibility of the Town's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 26, 2011, on our consideration of the Town'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 and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town'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 has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the Town's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Long-Term Debt 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.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 26, 2011



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302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the Town of Avon (Town), for the year ended December 31, 2010, and have issued our report thereon dated April 26, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 26, 2011

FINANCIAL STATEMENT(S)

TOWN OF AVON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 775,507	\$ 3,611,334	\$ 3,348,070	\$ 1,038,771
Motor Vehicle Highway	1,105,510	607,495	891,030	821,975
Local Road And Street	87,032	104,571	82,018	109,585
Law Enforcement Continuing Ed	15,773	9,152	6,662	18,263
Riverboat	21,344	39,100	34,150	26,294
Rainy Day	790,797	83,124	-	873,921
Tree Mitigation Fund	37,322	25,787	35,711	27,398
Food And Beverage	1,027,253	812,918	463,560	1,376,611
Infrastructure Contribution	32,701	350,413	-	383,114
Cops Grant Fund	2,863	-	-	2,863
Urban For Grant Fund	5,000	-	-	5,000
CRPF Fund	7,572	4,619	-	12,191
RDC DS Reserve	-	166,481	-	166,481
Edit Road Ban Ds	-	326,909	259,858	67,051
Cumulative Capital Development	132,770	194,499	209,488	117,781
Cumulative Capital Improvement	26,829	18,294	19,000	26,123
Cedit Capital Projects	1,113,081	485,454	253,128	1,345,407
Tif Capital Project	3,971,698	2,294,862	2,071,855	4,194,705
Brick Paving & Park Improvement	34,522	-	-	34,522
2007 Road Bond	875,187	1,538,029	2,124,181	289,035
Capital Project Town Hall	673	-	-	673
Flex Agency	2,732	3,288	5,997	23
Health Withholding	29,777	40,728	56,415	14,090
Payroll Withholding	12,798	55,945	56,428	12,315
Court Fee	11,360	54,515	47,176	18,699
Town Court	9,191	436,322	427,112	18,401
Totals	<u>\$ 10,129,292</u>	<u>\$ 11,263,839</u>	<u>\$ 10,391,839</u>	<u>\$ 11,001,292</u>

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

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council 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(s) present(s) the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statement(s) are 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 statements. The aggregate receipts may include, but are not limited to, 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 Town.

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.

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

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 statements. The aggregate disbursements may include, but are not limited to, 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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

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

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

F. Interfund Transfers

The Town 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 Town. 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 Town. 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 Town 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 Town 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 Town 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.

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT(S)
(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 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 5. Risk Management

The Town 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 Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

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 PERF Board, most requirements of the system, and give the Town 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.

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

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

B. 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 Employees' Retirement Plan (PERF) 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.

PERF 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

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Avon's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Tree Mitigation Fund
Cash and investments - beginning	\$ 775,507	\$ 1,105,510	\$ 87,032	\$ 15,773	\$ 21,344	\$ 790,797	\$ 37,322
Receipts:							
Taxes	2,024,658	311,128	-	-	-	-	-
Licenses and permits	172,355	-	-	-	-	-	-
Intergovernmental	1,184,072	232,817	104,571	-	39,100	83,124	-
Charges for services	18,998	-	-	9,152	-	-	-
Fines and forfeits	97,721	-	-	-	-	-	-
Other receipts	113,530	63,550	-	-	-	-	25,787
Total receipts	<u>3,611,334</u>	<u>607,495</u>	<u>104,571</u>	<u>9,152</u>	<u>39,100</u>	<u>83,124</u>	<u>25,787</u>
Disbursements:							
Personal services	2,357,709	130,311	-	6,662	-	-	-
Supplies	43,719	-	-	-	-	-	-
Other services and charges	825,216	590,779	-	-	25,150	-	35,711
Capital outlay	121,426	169,940	82,018	-	9,000	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>3,348,070</u>	<u>891,030</u>	<u>82,018</u>	<u>6,662</u>	<u>34,150</u>	<u>-</u>	<u>35,711</u>
Excess (deficiency) of receipts over disbursements	<u>263,264</u>	<u>(283,535)</u>	<u>22,553</u>	<u>2,490</u>	<u>4,950</u>	<u>83,124</u>	<u>(9,924)</u>
Cash and investments - ending	<u>\$ 1,038,771</u>	<u>\$ 821,975</u>	<u>\$ 109,585</u>	<u>\$ 18,263</u>	<u>\$ 26,294</u>	<u>\$ 873,921</u>	<u>\$ 27,398</u>

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Food And Beverage	Infrastructure Contribution	Cops Grant Fund	Urban For Grant Fund	CRPF Fund	RDC DS Reserve	Edit Road Ban Ds
Cash and investments - beginning	\$ 1,027,253	\$ 32,701	\$ 2,863	\$ 5,000	\$ 7,572	\$ -	\$ -
Receipts:							
Taxes	812,918	-	-	-	-	-	326,560
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	166,481	349
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	4,619	-	-
Other receipts	-	350,413	-	-	-	-	-
Total receipts	<u>812,918</u>	<u>350,413</u>	<u>-</u>	<u>-</u>	<u>4,619</u>	<u>166,481</u>	<u>326,909</u>
Disbursements:							
Personal services	62,216	-	-	-	-	-	-
Supplies	15,759	-	-	-	-	-	-
Other services and charges	265,310	-	-	-	-	-	259,858
Capital outlay	120,275	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>463,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,858</u>
Excess (deficiency) of receipts over disbursements	<u>349,358</u>	<u>350,413</u>	<u>-</u>	<u>-</u>	<u>4,619</u>	<u>166,481</u>	<u>67,051</u>
Cash and investments - ending	<u>\$ 1,376,611</u>	<u>\$ 383,114</u>	<u>\$ 2,863</u>	<u>\$ 5,000</u>	<u>\$ 12,191</u>	<u>\$ 166,481</u>	<u>\$ 67,051</u>

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Development	Cumulative Capital Improvement	Cedit Capital Projects	Tif Capital Project	Brick Paving & Park Improvement	2007 Road Bond	Capital Project Town Hall
Cash and investments - beginning	\$ 132,770	\$ 26,829	\$ 1,113,081	\$ 3,971,698	\$ 34,522	\$ 875,187	\$ 673
Receipts:							
Taxes	183,781	-	-	2,222,840	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	10,718	18,294	485,454	-	-	1,538,029	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	72,022	-	-	-
Total receipts	<u>194,499</u>	<u>18,294</u>	<u>485,454</u>	<u>2,294,862</u>	<u>-</u>	<u>1,538,029</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	99,528	1,788,005	-	2,124,181	-
Capital outlay	209,488	19,000	153,600	283,850	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>209,488</u>	<u>19,000</u>	<u>253,128</u>	<u>2,071,855</u>	<u>-</u>	<u>2,124,181</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(14,989)</u>	<u>(706)</u>	<u>232,326</u>	<u>223,007</u>	<u>-</u>	<u>(586,152)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 117,781</u>	<u>\$ 26,123</u>	<u>\$ 1,345,407</u>	<u>\$ 4,194,705</u>	<u>\$ 34,522</u>	<u>\$ 289,035</u>	<u>\$ 673</u>

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Flex Agency	Health Withholding	Payroll Withholding	Court Fee	Town Court	Totals
Cash and investments - beginning	\$ 2,732	\$ 29,777	\$ 12,798	\$ 11,360	\$ 9,191	\$ 10,129,292
Receipts:						
Taxes	-	-	-	-	-	5,881,885
Licenses and permits	-	-	-	-	-	172,355
Intergovernmental	-	-	-	-	-	3,863,009
Charges for services	-	-	-	-	-	28,150
Fines and forfeits	-	-	-	-	436,322	538,662
Other receipts	3,288	40,728	55,945	54,515	-	779,778
Total receipts	<u>3,288</u>	<u>40,728</u>	<u>55,945</u>	<u>54,515</u>	<u>436,322</u>	<u>11,263,839</u>
Disbursements:						
Personal services	-	-	-	-	-	2,556,898
Supplies	-	-	-	-	-	59,478
Other services and charges	-	-	-	-	-	6,013,738
Capital outlay	-	-	-	-	-	1,168,597
Other disbursements	5,997	56,415	56,428	47,176	427,112	593,128
Total disbursements	<u>5,997</u>	<u>56,415</u>	<u>56,428</u>	<u>47,176</u>	<u>427,112</u>	<u>10,391,839</u>
Excess (deficiency) of receipts over disbursements	<u>(2,709)</u>	<u>(15,687)</u>	<u>(483)</u>	<u>7,339</u>	<u>9,210</u>	<u>872,000</u>
Cash and investments - ending	<u>\$ 23</u>	<u>\$ 14,090</u>	<u>\$ 12,315</u>	<u>\$ 18,699</u>	<u>\$ 18,401</u>	<u>\$ 11,001,292</u>

TOWN OF AVON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable:		
Chevy Impala	\$ 12,891	\$ 6,784
Dodge Chargers	39,047	21,916
Kubota	10,504	5,475
Capital leases:		
Dam Reconstruction	1,805,000	170,000
Town Hall Construction	1,400,000	183,000
Bonds payable:		
General obligation bonds:		
Road Bonds of 2007	3,390,000	259,964
Revenue bonds:		
Transportation Revenue Bonds, Series 2003	746,000	71,838
Redevelopment District Tax Increment Revenue Bonds of 2010	900,000	160,732
Total governmental activities debt	\$ 8,303,442	\$ 879,709

TOWN OF AVON
AUDIT RESULT(S) AND COMMENT(S)

DEPOSITS

Each department at the Town of Avon deposits their own collections. In numerous instances, collections from the Planning Department were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Avon (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major program for the year ended December 31, 2010. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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 Town'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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010. The results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance 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, 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 26, 2010

TOWN OF AVON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Indiana Department of Natural Resources Cooperative Forestry Assistance	10.664	2010	\$ 3,400
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	2010	
CR 100N and Dan Jones Road			1,121,196
CR 200N and Dan Jones Road			46,120
CR 200S and Dan Jones Road			14,543
US 36 and Dan Jones Road			72,021
CR 200N and 900E Roundabout			223,360
ARRA - Dan Jones Road Resurfacing			94,311
ARRA - CR 200N and Ronald Reagan Traffic Signal			18,492
ARRA - CR 100N Resurfacing			<u>20,007</u>
Total for cluster			<u>1,610,050</u>
Indiana Criminal Justice Institute Highway Safety Cluster		2010	
State and Community Highway Safety	20.600		1,200
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		<u>4,800</u>
Total for cluster			<u>6,000</u>
Total for federal grantor agency			<u>1,616,050</u>
Total federal awards expended			<u>\$ 1,619,450</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF AVON
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Avon (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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.

TOWN OF AVON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1 - SEPARATE ARRA RECORDS

Federal Agency: U.S. Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Pass-Through Entity: Indiana Department of Transportation

There are three separate Highway Planning and Construction ARRA grants for three specific projects that fall under CFDA number 20.205. Crossroads Engineers is the lone vendor assigned to all three projects and bills the Town for all three projects together. The bills are itemized by project.

The ARRA Highway and Construction grant activity is tracked separately by the public works director but not identified separately in the unit's accounting system. The ARRA Highway and Construction grant receipt and disbursement activity is documented in the Town's 2007 Road Bond Fund along with several other Highway and Construction grants.

2 CFR 176.210 states in part: "To maximize the transparency and accountability of funds authorized under the American Recovery and Reinvestment Act of 2009 as required by Congress . . . recipients agree to maintain records that identify adequately the source and application of Recovery Act funds."

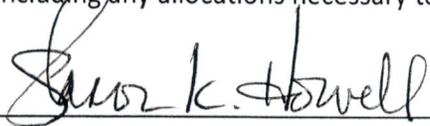
We recommended that a new fund be created within the Town's accounting system to separately track the ARRA Highway and Construction Grants. Each individual ARRA project should be identified and tracked separately within the new fund.

TOWN OF AVON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF AVON
CORRECTIVE ACTION

The Town of Avon agrees with, appreciates, and understands the recommendation with respect to separation of ARRA Highway and Construction records. The Town will immediately create a separate fund for ARRA grant activity for each type of program. Within such designated fund(s), accounts will be created to track expenses and reimbursements by specific project in order to correct this matter, including any allocations necessary to properly track grant expenditures from Fund 407.

 _____ Date 3-29-11
Sharon K. Howell, Clerk Treasurer

TOWN OF AVON
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2011, with Sharon K. Howell, Clerk-Treasurer; Tom Klein, Town Manager; and Michael C. Rogers, President of the Town Council.