

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF AVON
HENDRICKS COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
01/26/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10
Notes to Financial Statement	11-14
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	16-20
Schedule of Leases and Debt	21
Schedule of Capital Assets.....	22
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance.....	24-25
Schedule of Expenditures of Federal Awards and Accompanying Note:	
Schedule of Expenditures of Federal Awards.....	28
Note to Schedule of Expenditures of Federal Awards	29
Schedule of Findings and Questioned Costs	30-33
Auditee Prepared Document:	
Corrective Action Plan	36
Other Reports.....	37

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon K. Howell	01-01-12 to 12-31-19
President of the Town Council	Marcus Turner	01-01-14 to 12-31-16



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

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Avon (Town), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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 Town'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 Town'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 Town 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 Town for the year ended December 31, 2014.

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 Town for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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 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.


Other Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2016, 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* in considering the Town's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

January 21, 2016



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 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 TOWN OF AVON, HENDRICKS 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 Town of Avon (Town), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 21, 2016, wherein we noted the Town 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 Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 2014-001 and 2014-002 to be material weaknesses.

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)

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 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 2014-002.

Town of Avon's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town'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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 21, 2016

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF AVON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 1,627,155	\$ 3,608,350	\$ 3,394,756	\$ 1,840,749
Motor Vehicle Highway	1,149,297	1,308,855	1,488,629	969,523
Local Road And Street	183,245	151,956	152,000	183,201
Avon Ave Maintenance	-	8,964,634	185,136	8,779,498
Law Enforcement Continuing Ed	33,840	16,160	11,024	38,976
Unsafe Bldg Fund	-	25,000	18,600	6,400
Riverboat	42,354	73,729	59,319	56,764
Rainy Day	873,921	-	99,408	774,513
HRH TIF	-	2,166	2,166	-
Cumulative Capital Development	201,638	308,826	300,000	210,464
RDC Bonds	-	5,896,500	113,335	5,783,165
Cumulative Capital Improvement	47,487	32,921	25,000	55,408
Cedit Capital Projects	1,377,920	708,696	640,773	1,445,843
Tif Capital Project	7,400,646	2,955,788	1,485,915	8,870,519
Park Impact Fees	215,758	214,149	60,000	369,907
Town Court	6,655	199,187	201,007	4,835
Tree Mitigation Fund	4,525	7,954	9,349	3,130
Food And Beverage	1,557,369	988,035	938,975	1,606,429
Infrastructure Contribution	4,559	208,767	-	213,326
Cops Grant Fund	5,613	-	5,613	-
Urban For Grant Fund	5,000	-	-	5,000
Crpf Fund	24,835	2,088	1,793	25,130
Rdc Ds Reserve	166,481	-	-	166,481
Edit Road Ban Ds	98,512	294,546	263,651	129,407
Brick Paving & Park Improvement	2,816	-	-	2,816
2007 Road Bond	11,219	286,598	-	297,817
Capital Project Town Hall	673	-	-	673
Flex Agency	215	-	-	215
Health Withholding	-	90,591	83,165	7,426
Payroll Withholding	8,952	58,906	63,348	4,510
Court Fund	18,776	23,076	25,513	16,339
Totals	<u>\$ 15,069,461</u>	<u>\$ 26,427,478</u>	<u>\$ 9,628,475</u>	<u>\$ 31,868,464</u>

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

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT

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), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 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
(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).

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 Town. It includes all expenditures for the reduction of the principal and interest of the Town'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.

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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 Plan

A. 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

B. Additional Plan

The Town also contributes to additional pension plan unique to the Town. Information regarding these plans may be obtained from the Town.

OTHER INFORMATION - UNAUDITED

The Town's Annual Financial 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 Financial Report of the Town 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 other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF AVON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014

	General	Motor Vehicle Highway	Local Road And Street	Avon Ave Maintenance	Law Enforcement Continuing Ed	Unsafe Bldg Fund	Riverboat
Cash and investments - beginning	\$ 1,627,155	\$ 1,149,297	\$ 183,245	\$ -	\$ 33,840	\$ -	\$ 42,354
Receipts:							
Taxes	1,607,702	417,282	-	-	-	-	-
Licenses and permits	232,254	-	-	-	10,740	-	-
Intergovernmental	1,560,552	854,181	151,956	8,964,634	-	-	73,729
Charges for services	31,716	-	-	-	1,816	-	-
Fines and forfeits	46,731	500	-	-	3,604	-	-
Other receipts	129,395	36,892	-	-	-	25,000	-
Total receipts	3,608,350	1,308,855	151,956	8,964,634	16,160	25,000	73,729
Disbursements:							
Personal services	2,400,328	161,107	-	-	11,024	-	-
Supplies	69,408	-	-	-	-	-	-
Other services and charges	771,299	1,102,340	-	185,136	-	18,600	31,331
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	153,721	225,182	152,000	-	-	-	27,988
Other disbursements	-	-	-	-	-	-	-
Total disbursements	3,394,756	1,488,629	152,000	185,136	11,024	18,600	59,319
Excess (deficiency) of receipts over disbursements	213,594	(179,774)	(44)	8,779,498	5,136	6,400	14,410
Cash and investments - ending	\$ 1,840,749	\$ 969,523	\$ 183,201	\$ 8,779,498	\$ 38,976	\$ 6,400	\$ 56,764

TOWN OF AVON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Rainy Day	HRH TIF	Cumulative Capital Development	RDC Bonds	Cumulative Capital Improvement	Cedit Capital Projects	Tif Capital Project
Cash and investments - beginning	\$ 873,921	\$ -	\$ 201,638	\$ -	\$ 47,487	\$ 1,377,920	\$ 7,400,646
Receipts:							
Taxes	-	2,166	291,763	-	-	-	2,896,908
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	17,063	-	32,921	535,547	-
Charges for services	-	-	-	-	-	173,149	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	5,896,500	-	-	58,880
Total receipts	-	2,166	308,826	5,896,500	32,921	708,696	2,955,788
Disbursements:							
Personal services	-	-	-	-	-	24,750	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	113,335	-	162,529	323,410
Debt service - principal and interest	-	-	-	-	-	-	685,570
Capital outlay	99,408	-	300,000	-	25,000	453,494	426,935
Other disbursements	-	2,166	-	-	-	-	50,000
Total disbursements	99,408	2,166	300,000	113,335	25,000	640,773	1,485,915
Excess (deficiency) of receipts over disbursements	(99,408)	-	8,826	5,783,165	7,921	67,923	1,469,873
Cash and investments - ending	<u>\$ 774,513</u>	<u>\$ -</u>	<u>\$ 210,464</u>	<u>\$ 5,783,165</u>	<u>\$ 55,408</u>	<u>\$ 1,445,843</u>	<u>\$ 8,870,519</u>

TOWN OF AVON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Park Impact Fees	Town Court	Tree Mitigation Fund	Food And Beverage	Infrastructure Contribution	Cops Grant Fund	Urban For Grant Fund
Cash and investments - beginning	\$ 215,758	\$ 6,655	\$ 4,525	\$ 1,557,369	\$ 4,559	\$ 5,613	\$ 5,000
Receipts:							
Taxes	-	-	-	940,509	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	214,149	-	-	7,250	-	-	-
Fines and forfeits	-	199,187	-	-	-	-	-
Other receipts	-	-	7,954	40,276	208,767	-	-
Total receipts	214,149	199,187	7,954	988,035	208,767	-	-
Disbursements:							
Personal services	-	-	-	168,903	-	5,613	-
Supplies	-	-	-	30,047	-	-	-
Other services and charges	-	-	9,228	442,824	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	60,000	-	-	297,141	-	-	-
Other disbursements	-	201,007	121	60	-	-	-
Total disbursements	60,000	201,007	9,349	938,975	-	5,613	-
Excess (deficiency) of receipts over disbursements	154,149	(1,820)	(1,395)	49,060	208,767	(5,613)	-
Cash and investments - ending	\$ 369,907	\$ 4,835	\$ 3,130	\$ 1,606,429	\$ 213,326	\$ -	\$ 5,000

TOWN OF AVON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Crpf Fund	Rdc Ds Reserve	Edit Road Ban Ds	Brick Paving & Park Improvement	2007 Road Bond	Capital Project Town Hall
Cash and investments - beginning	\$ 24,835	\$ 166,481	\$ 98,512	\$ 2,816	\$ 11,219	\$ 673
Receipts:						
Taxes	-	-	281,749	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	12,797	-	-	-
Charges for services	-	-	-	-	286,598	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	2,088	-	-	-	-	-
Total receipts	2,088	-	294,546	-	286,598	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	1,793	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	263,651	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	1,793	-	263,651	-	-	-
Excess (deficiency) of receipts over disbursements	295	-	30,895	-	286,598	-
Cash and investments - ending	\$ 25,130	\$ 166,481	\$ 129,407	\$ 2,816	\$ 297,817	\$ 673

TOWN OF AVON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Flex Agency	Health Withholding	Payroll Withholding	Court Fund	Totals
Cash and investments - beginning	\$ 215	\$ -	\$ 8,952	\$ 18,776	\$ 15,069,461
Receipts:					
Taxes	-	-	-	-	6,438,079
Licenses and permits	-	-	-	-	242,994
Intergovernmental	-	-	-	-	12,203,380
Charges for services	-	-	-	-	714,678
Fines and forfeits	-	-	-	23,076	273,098
Other receipts	-	90,591	58,906	-	6,555,249
Total receipts	-	90,591	58,906	23,076	26,427,478
Disbursements:					
Personal services	-	83,165	63,348	-	2,918,238
Supplies	-	-	-	-	101,248
Other services and charges	-	-	-	-	3,160,032
Debt service - principal and interest	-	-	-	-	949,221
Capital outlay	-	-	-	-	2,220,869
Other disbursements	-	-	-	25,513	278,867
Total disbursements	-	83,165	63,348	25,513	9,628,475
Excess (deficiency) of receipts over disbursements	-	7,426	(4,442)	(2,437)	16,799,003
Cash and investments - ending	\$ 215	\$ 7,426	\$ 4,510	\$ 16,339	\$ 31,868,464

TOWN OF AVON
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Citizens Bank	vehicles	\$ 35,448	8/13/2014	6/30/2017
First Merchants	vehicles	<u>29,206</u>	10/26/2013	4/26/2016
Total governmental activities		<u>64,654</u>		
Total of annual lease payments		<u><u>\$ 64,654</u></u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	2007 General Obligation Roads		\$ 2,890,000	\$ 267,562
Revenue bonds	2014 Avon Municipal Facilities Corp. First Mort. Refunding		1,485,000	154,750
Revenue bonds	2014 Avon Redevelopment District		5,900,000	503,504
Revenue bonds	2005 Avon Municipal Facilities Corp. Lease Rev.		<u>880,000</u>	<u>182,476</u>
Total governmental activities			<u>11,155,000</u>	<u>1,108,292</u>
Totals			<u><u>\$ 11,155,000</u></u>	<u><u>\$ 1,108,292</u></u>

TOWN OF AVON
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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	\$ 1,000,001
Infrastructure	76,666,305
Buildings	3,272,612
Improvements other than buildings	95,481
Machinery, equipment, and vehicles	<u>988,833</u>
Total governmental activities	<u>82,023,232</u>
Total capital assets	<u><u>\$ 82,023,232</u></u>

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 FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the Town of Avon's (Town) 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 its major federal program for the year ended December 31, 2014. 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.

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 the Town's major federal program 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 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance


Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 Town's internal control over compliance.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003 to be material weaknesses.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town'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.


Paul D. Joyce, CPA
State Examiner

January 21, 2016

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF AVON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

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</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation			
DJ/CSX PE&ROW		20.205	1006094	\$ 122,084
CE - Emergency Vehicle Preemption		20.205	1172318	2,462
100N/1050PE		20.205	1172483	401,281
624E/150S		20.205	1172484	155,157
100S/DJ rdbt upgr		20.205	1173287	7,020
Total - Highway Planning and Construction				688,004
Total - Highway Planning and Construction Cluster				688,004
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures Incentive Grants I OPO/DUI	Town of Brownsburg	20.601	2450	6,900
Total - Highway Safety Cluster				6,900
Total - Department of Transportation				694,904
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	U05S301	54,560
Total - Department of Homeland Security				54,560
Total federal awards expended				\$ 749,464

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

TOWN OF AVON
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 Town 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.

TOWN OF AVON
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?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes
--	-----

Identification of Major Program:

Name of Federal Program or Cluster

Highway Planning and Construction Cluster

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 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting.

1. The Town has not separated incompatible activities related to receipts and disbursements. Receipt issuance, deposit, and posting to the ledger, and disbursement of payroll were performed by one employee with no oversight or review of these activities. Additionally, all financial activities of the Town Court, including the receipt and disbursement of funds, posting of records, and reconciliation to the bank account, were performed by one employee with no oversight or review of these activities. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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

2. The Town's monthly reconciliation process was performed by a contracted consultant. Once the reconciliation was completed each month, the Clerk-Treasurer reviewed it for accuracy; however, no documentation was available to evidence this review.
3. An evaluation of the Town's system of internal control has not been conducted. The failure to monitor the internal control system places the Town at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the Town to monitor and assess the quality of the system of internal control.

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) (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town 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 Town 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: the Highway Planning and Construction was understated by \$193,635, the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program was omitted, and several errors were noted with reporting of program names, project names, identifying numbers, and CFDA numbers. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

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)

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

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 subrecipient, 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 subrecipients from each Federal program.
- (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."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - CASH MANAGEMENT, MATCHING, AND REPORTING

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Number and Year (or Other Identifying Number): 1006094, 1172318, 1172483,
1172484, 1173287

Pass-Through Entity: Indiana Department of Transportation

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

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Matching, and Reporting.

Cash Management and Matching

The Town is required to request reimbursement from the Indiana Department of Transportation (INDOT) using a form titled LPA Invoice - Voucher. This form lists the gross amount of the claim paid by the Town and calculates the percentage of federal share reimbursable. The Director of Public Works prepared this form and signed it. There were no procedures in place at the Town to ensure the accuracy of the form prior to submission to INDOT.

Reporting

The Town is required to submit a quarterly report to the Indianapolis Metropolitan Planning Organization. The report is submitted online. One person entered the data and submitted the quarterly report. There were no procedures in place at the Town to ensure the accuracy of the information prior to submission of the report.

The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

(This page intentionally left blank.)

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.



January 21, 2016

The Town of Avon (the "Town") appreciates the findings and comments related to the recent review of financial records through December 31, 2014. Accordingly, the Town hereby submits the following "corrective action plan" for your consideration.

FINDING 2014-001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

1. As recognized in the past, segregation of duties is not always practical in the Town due to the size of the entity. For this reason, the Town has always had an outside consultant prepare reconciliations, review transaction documentation and G/L system posting. In 2014, the Town transferred one person from the police department to serve as a full-time deputy clerk-treasurer. This relationship allows for additional segregation of duties relating to incompatible functions such as receipts and disbursements, as noted. In cases where basic segregation of duties remain impractical (such as the town court), the Town will implement outside compensating activities such as monthly reviews of the court's reconciliation process and the appropriate transactional documentation, with notation of review by the clerk-treasurer or designated person(s).
2. The clerk-treasurer has always carefully reviewed and maintained the monthly reconciliation process of the financial reporting system. In future periods, notation will be made on necessary documents to indicate completion of the review.
3. The Town will strive to implement an ongoing and comprehensive process to evaluate internal controls sufficient to meet the current acceptable standards, given the Town's limitations, and monitor control activities in order to meet Town objectives and minimize financial risks.

FINDING 2014-002 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Current policies are in place to mitigate future errors of omission. The clerk-treasurer shares a file with the public works director at the time of receipt, noting CFDA #, specific revenue lines, and other data outlined in Circular A-133 to facilitate accurate and complete SEFA preparation. The deputy clerk-treasurer is developing a similar process to track any DOJ agency grants, with the required elements for accurate reporting. The town will then monitor and amend procedures to verify sufficient controls are in place.

FINDING 2014-003 – CASH MANAGEMENT, MATCHING, AND REPORTING

As a proposed corrective action plan, the public works director will continue to process INDOT reimbursement requests; however, prior to filing the reimbursements, the clerk-treasurer (or designated employee) will review the LPA invoice-voucher prepared by the public works director for accuracy, with notations of review retained in the file. Similarly, a process of review will be implemented for quarterly reports to IMPO. Additionally, the Town will segregate some of the reporting duties utilizing the assistant public works director, or other designated employee.

Sharon Howell, Clerk Treasurer, 317-272-0948, will act as the contact person responsible for this corrective action plan.

OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.