

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

EXAMINATION REPORT

OF

TOWN OF AVON

HENDRICKS COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED
11/29/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Sharon K. Howell

01-01-06 to 12-31-07

President of the Town Council

Eva Yackey
Mike Rogers

01-01-06 to 12-31-06
01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Avon (Town), for the period of January 1, 2006 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 11, 2007

TOWN OF AVON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 801,722	\$ 3,170,061	\$ 2,965,957	\$ 1,005,826
Motor Vehicle Highway	287,658	626,897	457,114	457,441
Local Road and Street	124,924	95,262	86,637	133,549
Law Enforcement Continuing Education	33,828	10,054	21,391	22,491
Riverboat	28,771	-	24,226	4,545
Rainy Day	302,308	-	-	302,308
Cumulative Capital Improvement	332	22,321	18,200	4,453
Cumulative Capital Development	303,688	208,872	299,375	213,185
Cedit Capital Projects	636,943	349,642	320,958	665,627
Brick Paving and Park Improvement	4,436	30,000	26	34,410
Infrastructure Contribution	7,320	2,481	-	9,801
Intersection Project	256,396	-	39,756	216,640
Court Fees	62,631	22,626	87,289	(2,032)
TIF	1,612,032	776,024	695,321	1,692,735
Tree Mitigation	1,974	41,280	-	43,254
Food and Beverage	104,598	762,509	170,085	697,022
Debt Service	-	150,000	9,127	140,873
Construct Fund 2006 BAN	-	1,350,000	454,542	895,458
PC BAN	-	2,496,000	-	2,496,000
Fiduciary Funds:				
Payroll	9,824	49,445	46,292	12,977
Health Insurance Withholdings	-	19,322	14,893	4,429
Flexible Spending	5,557	11,745	13,934	3,368
Town Court	5,269	196,370	197,047	4,592
Totals	<u>\$ 4,590,211</u>	<u>\$ 10,390,911</u>	<u>\$ 5,922,170</u>	<u>\$ 9,058,952</u>

The accompanying notes are an integral part of the financial information.

TOWN OF AVON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF AVON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

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

TOWN OF AVON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,000,001
Infrastructure	20,071,114
Buildings	856,612
Improvements other than buildings	-
Machinery and equipment	880,892
Construction in progress	<u>-</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 22,808,619</u></u>

TOWN OF AVON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

CAPITAL LEASES

The Town has entered into the following capital leases:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Various autos Lincoln lease #41360	\$ 18,898	\$ 15,509
Various autos Lincoln lease #41359	28,161	23,110
Various autos Old National lease	7,388	7,388
Various autos First National lease	28,872	28,872
Notes and loans payable - Lincoln #c0401003564	8,847	8,847
Bond Anticipation Notes:		
Road Improvement BANS 2006	1,350,000	-
Redevelopment BANS 2006 (Police Station)	2,496,000	-
Bonds payable:		
General obligation bonds:		
AMFC \$2,175,000 First Mortgage Bonds, Series 2	3,400,000	170,000
AMFC \$1,970,000 First Mortgage Refunding Bond	2,487,000	186,000
Revenue bonds:		
Town of Avon, \$1,000,000 Transportation Revenue	897,000	36,000
Total governmental activities long-term debt	\$ 10,722,166	\$ 475,726

* Lease rental bonds

TOWN OF AVON
EXAMINATION RESULTS AND COMMENTS

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

As stated in prior Examination Report B29060, sales tax was paid on petty cash purchases that comprised the petty cash fund.

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

OVERDRAWN FUND BALANCE

The Court Fee Fund was overdrawn in 2006.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF AVON
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2007, with Sharon K. Howell, Clerk-Treasurer; and Mike Rogers, President of the Town Council.