

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF AVON

HENDRICKS COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
10/11/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon K. Howell	01-01-08 to 12-31-15
President of the Town Council	Michael C. Rogers	01-01-11 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of the Town of Avon (Town), for the period of January 1, 2011 to December 31, 2011. The Town's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination 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.

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, 2011, on the basis of accounting described in Note 1.

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 examination procedures applied to 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 others within the entity 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

August 9, 2012

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FINANCIAL STATEMENT

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, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 1,038,771	\$ 3,303,358	\$ 3,207,055	\$ 1,135,074
Motor Vehicle Highway	821,975	669,737	725,842	765,870
Local Road And Street	109,585	103,501	100,000	113,086
Law Enforcement Continuing Ed	18,263	12,269	7,797	22,735
Riverboat	26,294	39,100	33,418	31,976
Rainy Day	873,921	-	-	873,921
Cumulative Capital Development	117,781	234,039	248,791	103,029
Cumulative Capital Improvement	26,123	17,943	19,000	25,066
CEDIT Capital Projects	1,345,407	432,600	231,419	1,546,588
TIF Capital Project	4,194,705	2,339,176	596,491	5,937,390
Tree Mitigation Fund	27,398	16,884	36,436	7,846
Food And Beverage	1,376,611	868,822	905,372	1,340,061
Infrastructure Contribution	383,114	175,274	447,523	110,865
Cops Grant Fund	2,863	-	-	2,863
Urban For Grant Fund	5,000	-	-	5,000
CRPF Fund	12,191	5,564	-	17,755
RDC Ds Reserve	166,481	-	-	166,481
EDIT Road Ban Ds	67,051	280,772	259,964	87,859
Brick Paving & Park Improvement	34,521	45	-	34,566
2007 Road Bond	289,035	429,700	470,853	247,882
Capital Project Town Hall	673	-	-	673
Flex Agency	23	192	-	215
Health Withholding	14,090	47,556	41,514	20,132
Payroll Withholding	12,315	51,729	57,206	6,838
Court Fund	18,700	70,076	67,210	21,566
Town Court	18,401	490,725	495,123	14,003
Totals	<u>\$ 11,001,292</u>	<u>\$ 9,589,062</u>	<u>\$ 7,951,014</u>	<u>\$ 12,639,340</u>

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

TOWN OF AVON
NOTES TO FINANCIAL STATEMENTS

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 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 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 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.

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

TOWN OF AVON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF AVON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 STATEMENTS
(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. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

Note 6. Pension Plan

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
1 North Capital Street, 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.

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2011 Annual 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 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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary 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, 2011

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Cumulative Capital Development
Cash and investments - beginning	\$ 1,038,771	\$ 821,975	\$ 109,585	\$ 18,263	\$ 26,294	\$ 873,921	\$ 117,781
Receipts:							
Taxes	1,942,156	361,140	-	-	-	-	181,040
Licenses and permits	172,761	-	-	5,335	-	-	-
Intergovernmental	983,182	128,156	-	-	39,100	-	104
Charges for services	17,465	-	-	2,146	-	-	-
Fines and forfeits	150,849	-	-	4,788	-	-	-
Other receipts	36,945	180,441	103,501	-	-	-	52,895
Total receipts	<u>3,303,358</u>	<u>669,737</u>	<u>103,501</u>	<u>12,269</u>	<u>39,100</u>	<u>-</u>	<u>234,039</u>
Disbursements:							
Personal services	2,242,784	132,006	-	-	-	-	-
Supplies	82,489	-	-	-	-	-	-
Other services and charges	765,940	511,914	-	7,797	8,418	-	-
Debt service - principal and interest	-	71,838	-	-	-	-	-
Capital outlay	112,741	10,084	100,000	-	25,000	-	248,791
Other disbursements	3,101	-	-	-	-	-	-
Total disbursements	<u>3,207,055</u>	<u>725,842</u>	<u>100,000</u>	<u>7,797</u>	<u>33,418</u>	<u>-</u>	<u>248,791</u>
Excess (deficiency) of receipts over disbursements	<u>96,303</u>	<u>(56,105)</u>	<u>3,501</u>	<u>4,472</u>	<u>5,682</u>	<u>-</u>	<u>(14,752)</u>
Cash and investments - ending	<u>\$ 1,135,074</u>	<u>\$ 765,870</u>	<u>\$ 113,086</u>	<u>\$ 22,735</u>	<u>\$ 31,976</u>	<u>\$ 873,921</u>	<u>\$ 103,029</u>

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Capital Improvement	CEDIT Capital Projects	TIF Capital Project	Tree Mitigation Fund	Food And Beverage	Infrastructure Contribution	Cops Grant Fund
Cash and investments - beginning	\$ 26,123	\$ 1,345,407	\$ 4,194,705	\$ 27,398	\$ 1,376,611	\$ 383,114	\$ 2,863
Receipts:							
Taxes	-	432,600	2,311,408	-	743,249	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	17,943	-	-	-	-	-	-
Charges for services	-	-	27,768	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	16,884	125,573	175,274	-
Total receipts	17,943	432,600	2,339,176	16,884	868,822	175,274	-
Disbursements:							
Personal services	-	62,516	-	-	77,699	-	-
Supplies	-	-	-	-	17,619	-	-
Other services and charges	-	100,903	536,491	36,436	430,721	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	19,000	68,000	-	-	379,333	447,523	-
Other disbursements	-	-	60,000	-	-	-	-
Total disbursements	19,000	231,419	596,491	36,436	905,372	447,523	-
Excess (deficiency) of receipts over disbursements	(1,057)	201,181	1,742,685	(19,552)	(36,550)	(272,249)	-
Cash and investments - ending	\$ 25,066	\$ 1,546,588	\$ 5,937,390	\$ 7,846	\$ 1,340,061	\$ 110,865	\$ 2,863

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Urban For Grant Fund	CRPF Fund	RDC Ds Reserve	EDIT Road Ban Ds	Brick Paving & Park Improvement	2007 Road Bond	Capital Project Town Hall
Cash and investments - beginning	\$ 5,000	\$ 12,191	\$ 166,481	\$ 67,051	\$ 34,521	\$ 289,035	\$ 673
Receipts:							
Taxes	-	-	-	280,451	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	321	-	-	-
Charges for services	-	5,564	-	-	-	429,700	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	45	-	-
Total receipts	-	5,564	-	280,772	45	429,700	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	121,230	-
Debt service - principal and interest	-	-	-	259,964	-	-	-
Capital outlay	-	-	-	-	-	349,623	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	259,964	-	470,853	-
Excess (deficiency) of receipts over disbursements	-	5,564	-	20,808	45	(41,153)	-
Cash and investments - ending	\$ 5,000	\$ 17,755	\$ 166,481	\$ 87,859	\$ 34,566	\$ 247,882	\$ 673

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Flex Agency	Health Withholding	Payroll Withholding	Court Fund	Town Court	Totals
Cash and investments - beginning	\$ 23	\$ 14,090	\$ 12,315	\$ 18,700	\$ 18,401	\$ 11,001,292
Receipts:						
Taxes	-	-	-	-	-	6,252,044
Licenses and permits	-	-	-	-	-	178,096
Intergovernmental	-	-	-	-	-	1,168,806
Charges for services	-	-	-	-	-	482,643
Fines and forfeits	-	-	-	70,076	-	225,713
Other receipts	192	47,556	51,729	-	490,725	1,281,760
Total receipts	192	47,556	51,729	70,076	490,725	9,589,062
Disbursements:						
Personal services	-	-	-	-	-	2,515,005
Supplies	-	-	-	-	-	100,108
Other services and charges	-	-	-	-	-	2,519,850
Debt service - principal and interest	-	-	-	-	-	331,802
Capital outlay	-	-	-	-	-	1,760,095
Other disbursements	-	41,514	57,206	67,210	495,123	724,154
Total disbursements	-	41,514	57,206	67,210	495,123	7,951,014
Excess (deficiency) of receipts over disbursements	192	6,042	(5,477)	2,866	(4,398)	1,638,048
Cash and investments - ending	\$ 215	\$ 20,132	\$ 6,838	\$ 21,566	\$ 14,003	\$ 12,639,340

TOWN OF AVON
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
First Merchants	vehicles	\$ 13,328	03-10-11	09-10-13
First Merchants	vehicles	21,324	05-12-11	11-12-13
First National Plainfield	vehicles	5,475	03-14-10	09-14-12
Key Government Finance	vehicles	30,711	11-27-11	05-27-14
Citizens Bank	vehicles	6,784	12-04-09	12-31-12
Citizens Bank	vehicles	<u>17,131</u>	11-05-09	12-31-12
Total governmental activities		<u>94,753</u>		
Total of annual lease payments		<u>\$ 94,753</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	\$ 3,275,000	\$ 259,853	
Revenue bonds	2010 Avon Redevelopment District	760,000	162,932	
Revenue bonds	Transportation Revenue Bonds (Hendricks Co)	704,000	72,340	
Revenue bonds	2004 Avon Municipal Facilities Corp. Lease Rev.	1,725,000	170,000	
Revenue bonds	2005 Avon Municipal Facilities Corp. Lease Rev.	<u>1,280,000</u>	<u>183,000</u>	
Total governmental activities		<u>7,744,000</u>	<u>8,592,125</u>	
Totals		<u>\$ 7,744,000</u>	<u>\$ 848,125</u>	

TOWN OF AVON
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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	\$ 1,743,158
Buildings	3,592,612
Machinery, equipment and vehicles	1,009,624
Total governmental activities	6,345,394
Total capital assets	\$ 6,345,394

TOWN OF AVON
EXAMINATION RESULT AND COMMENT

DEPOSITS

As similarly stated in the prior Report B38769, instances were identified when receipts 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."

TOWN OF AVON
EXIT CONFERENCE

The contents of this report were discussed on August 9, 2012, with Sharon Howell, Clerk-Treasurer, and Michael C. Rogers, President of the Town Council.