

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, 2013 to December 31, 2013



FILED
01/20/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Howell	01-01-12 to 12-31-19
President of the Town Council	Michael Rogers Marcus Turner	01-01-13 to 12-31-13 01-01-14 to 12-31-16



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 accompanying financial statement of the Town of Avon (Town), for the period of January 1, 2013 to December 31, 2013. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement 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 Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2013 to December 31, 2013.

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 period of January 1, 2013 to December 31, 2013, on the basis of accounting described in Note 1.

Our examination 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 statements. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

January 14, 2016

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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, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 1,529,755	\$ 3,336,265	\$ 3,238,866	\$ 1,627,154
Motor Vehicle Highway	757,029	1,320,805	928,536	1,149,298
Local Road And Street	139,222	144,023	100,000	183,245
Law Enforcement Continuing Ed	25,941	20,509	12,610	33,840
Riverboat	36,115	73,729	67,491	42,353
Rainy Day	873,921	-	-	873,921
Cumulative Capital Development	34,813	339,790	172,965	201,638
Cumulative Capital Improvement	39,076	33,411	25,000	47,487
Cedit Capital Projects	1,342,370	464,719	429,170	1,377,919
Tif Capital Project	5,823,208	2,780,174	1,202,735	7,400,647
Park Impact Fees	-	215,758	-	215,758
Town Court	7,195	299,018	299,557	6,656
Tree Mitigation Fund	7,364	14,610	17,449	4,525
Food And Beverage	1,384,546	943,165	770,342	1,557,369
Infrastructure Contribution	50,941	168,768	215,150	4,559
Cops Grant Fund	5,613	-	-	5,613
Urban For Grant Fund	5,000	-	-	5,000
Crpf Fund	21,603	3,232	-	24,835
Rdc Ds Reserve	166,481	-	-	166,481
Edit Road Ban Ds	101,969	260,959	264,415	98,513
Brick Paving & Park Improvement	2,816	-	-	2,816
2007 Road Bond	165,837	299,648	454,266	11,219
Capital Project Town Hall	673	-	-	673
Flex Agency	215	-	-	215
Health Withholding	25,398	78,655	104,052	1
Payroll Withholding	(27,120)	93,504	57,433	8,951
Court Fund	15,115	30,320	26,659	18,776
Totals	<u>\$ 12,535,096</u>	<u>\$ 10,921,062</u>	<u>\$ 8,386,696</u>	<u>\$ 15,069,462</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.

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial 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

1977 Police Officers' and Firefighters' Pension and Disability Fund

A. 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

TOWN OF AVON
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy

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

B. Additional Pension Plan

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

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OTHER INFORMATION - UNAUDITED

The Town's 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 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, 2013

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Cumulative Capital Development
Cash and investments - beginning	\$ 1,529,755	\$ 757,029	\$ 139,222	\$ 25,941	\$ 36,115	\$ 873,921	\$ 34,813
Receipts:							
Taxes	1,469,813	528,560	-	-	-	-	319,951
Licenses and permits	298,234	-	-	10,890	-	-	-
Intergovernmental	1,395,400	712,136	144,023	-	73,729	-	19,839
Charges for services	40,934	40,544	-	1,385	-	-	-
Fines and forfeits	67,227	-	-	8,234	-	-	-
Other receipts	64,657	39,565	-	-	-	-	-
Total receipts	<u>3,336,265</u>	<u>1,320,805</u>	<u>144,023</u>	<u>20,509</u>	<u>73,729</u>	<u>-</u>	<u>339,790</u>
Disbursements:							
Personal services	2,208,643	110,065	-	12,610	-	-	-
Supplies	59,586	-	-	-	-	-	-
Other services and charges	825,996	581,102	-	-	32,491	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	108,394	237,369	100,000	-	35,000	-	172,965
Other disbursements	36,247	-	-	-	-	-	-
Total disbursements	<u>3,238,866</u>	<u>928,536</u>	<u>100,000</u>	<u>12,610</u>	<u>67,491</u>	<u>-</u>	<u>172,965</u>
Excess (deficiency) of receipts over disbursements	<u>97,399</u>	<u>392,269</u>	<u>44,023</u>	<u>7,899</u>	<u>6,238</u>	<u>-</u>	<u>166,825</u>
Cash and investments - ending	<u>\$ 1,627,154</u>	<u>\$ 1,149,298</u>	<u>\$ 183,245</u>	<u>\$ 33,840</u>	<u>\$ 42,353</u>	<u>\$ 873,921</u>	<u>\$ 201,638</u>

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Cumulative Capital Improvement	Cedit Capital Projects	Tif Capital Project	Park Impact Fees	Town Court	Tree Mitigation Fund	Food And Beverage
Cash and investments - beginning	\$ 39,076	\$ 1,342,370	\$ 5,823,208	\$ -	\$ 7,195	\$ 7,364	\$ 1,384,546
Receipts:							
Taxes	-	-	2,780,174	-	-	-	932,952
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	33,411	460,244	-	-	-	-	-
Charges for services	-	-	-	215,758	-	-	4,395
Fines and forfeits	-	-	-	-	298,835	-	-
Other receipts	-	4,475	-	-	183	14,610	5,818
Total receipts	33,411	464,719	2,780,174	215,758	299,018	14,610	943,165
Disbursements:							
Personal services	-	66,148	-	-	-	-	129,050
Supplies	-	-	-	-	-	-	20,909
Other services and charges	-	188,796	737,735	-	-	17,449	504,032
Debt service - principal and interest	-	-	465,000	-	-	-	-
Capital outlay	25,000	174,226	-	-	-	-	116,351
Other disbursements	-	-	-	-	299,557	-	-
Total disbursements	25,000	429,170	1,202,735	-	299,557	17,449	770,342
Excess (deficiency) of receipts over disbursements	8,411	35,549	1,577,439	215,758	(539)	(2,839)	172,823
Cash and investments - ending	\$ 47,487	\$ 1,377,919	\$ 7,400,647	\$ 215,758	\$ 6,656	\$ 4,525	\$ 1,557,369

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Infrastructure Contribution	Cops Grant Fund	Urban For Grant Fund	Crpf Fund	Rdc Ds Reserve	Edit Road Ban Ds	Brick Paving & Park Improvement
Cash and investments - beginning	\$ 50,941	\$ 5,613	\$ 5,000	\$ 21,603	\$ 166,481	\$ 101,969	\$ 2,816
Receipts:							
Taxes	-	-	-	-	-	245,723	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	15,236	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	168,768	-	-	3,232	-	-	-
Total receipts	168,768	-	-	3,232	-	260,959	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	264,415	-
Capital outlay	215,150	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	215,150	-	-	-	-	264,415	-
Excess (deficiency) of receipts over disbursements	(46,382)	-	-	3,232	-	(3,456)	-
Cash and investments - ending	\$ 4,559	\$ 5,613	\$ 5,000	\$ 24,835	\$ 166,481	\$ 98,513	\$ 2,816

TOWN OF AVON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	2007 Road Bond	Capital Project Town Hall	Flex Agency	Health Withholding	Payroll Withholding	Court Fund	Totals
Cash and investments - beginning	\$ 165,837	\$ 673	\$ 215	\$ 25,398	\$ (27,120)	\$ 15,115	\$ 12,535,096
Receipts:							
Taxes	-	-	-	-	-	-	6,277,173
Licenses and permits	-	-	-	-	-	-	309,124
Intergovernmental	299,648	-	-	-	-	-	3,153,666
Charges for services	-	-	-	-	-	-	303,016
Fines and forfeits	-	-	-	-	-	30,320	404,616
Other receipts	-	-	-	78,655	93,504	-	473,467
Total receipts	<u>299,648</u>	<u>-</u>	<u>-</u>	<u>78,655</u>	<u>93,504</u>	<u>30,320</u>	<u>10,921,062</u>
Disbursements:							
Personal services	-	-	-	104,052	57,433	-	2,688,001
Supplies	-	-	-	-	-	-	80,495
Other services and charges	454,266	-	-	-	-	-	3,341,867
Debt service - principal and interest	-	-	-	-	-	-	729,415
Capital outlay	-	-	-	-	-	-	1,184,455
Other disbursements	-	-	-	-	-	26,659	362,463
Total disbursements	<u>454,266</u>	<u>-</u>	<u>-</u>	<u>104,052</u>	<u>57,433</u>	<u>26,659</u>	<u>8,386,696</u>
Excess (deficiency) of receipts over disbursements	<u>(154,618)</u>	<u>-</u>	<u>-</u>	<u>(25,397)</u>	<u>36,071</u>	<u>3,661</u>	<u>2,534,366</u>
Cash and investments - ending	<u>\$ 11,219</u>	<u>\$ 673</u>	<u>\$ 215</u>	<u>\$ 1</u>	<u>\$ 8,951</u>	<u>\$ 18,776</u>	<u>\$ 15,069,462</u>

TOWN OF AVON
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Citizens Bank	vehicles	\$ 29,541	6/30/2012	12/31/2014
First Merchants	vehicles	29,206	10/26/2013	4/26/2016
Key Government Finance	vehicles	<u>15,356</u>	11/27/2011	5/27/2014
Total governmental activities		<u>74,103</u>		
Total of annual lease payments		<u>\$ 74,103</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	\$ 3,025,000	\$ 263,652
Revenue bonds	2010 Avon Redevelopment District	465,000	161,888
Revenue bonds	2004 Avon Municipal Facilities Corp. Lease Rev.	1,565,000	170,000
Revenue bonds	2005 Avon Municipal Facilities Corp. Lease Rev.	<u>1,020,000</u>	<u>183,000</u>
Total governmental activities		<u>6,075,000</u>	<u>778,540</u>
Totals		<u>\$ 6,075,000</u>	<u>\$ 778,540</u>

TOWN OF AVON
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2013

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	52,260,145
Buildings	3,272,612
Machinery, equipment, and vehicles	1,053,960
Total governmental activities	57,586,718
Total capital assets	\$ 57,586,718

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/>.