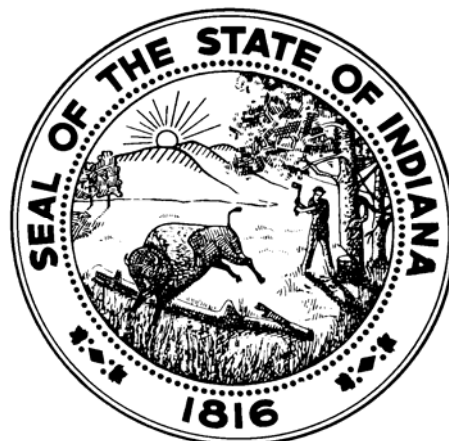


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
TOWN OF ZIONSVILLE  
BOONE COUNTY, INDIANA  
January 1, 2005 to December 31, 2005



**FILED**  
10/27/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	John J. Yeo	01-01-04 to 12-31-07
President of the Town Council	Richard Crane	01-01-05 to 12-31-06
Town Manager	Edward J. Mitro	01-01-05 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ZIONSVILLE, BOONE COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the Town of Zionsville (Town), for the period of January 1, 2005 to December 31, 2005. The Town's management is responsible for the schedule. 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 schedule of receipts, disbursements, and cash and investment balances 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 I, the financial statements referred to above do not include a component unit of the Town which should have been included to fairly present the financial position of the Town.

In our opinion, except that the omission of the component unit of the Town referred to in the preceding paragraph results in incomplete presentation, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Town for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 14, 2006

TOWN OF ZIONSVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 1,400,190	\$ 4,642,377	\$ 4,502,456	\$ 1,540,111
Motor Vehicle Highway	309,003	878,920	820,133	367,790
Local Road and Street	23,704	53,994	30,000	47,698
Law Enforcement Continuing Education	15,778	9,877	3,434	22,221
Park and Recreation	131,072	352,613	284,655	199,030
Park Nonreverting - Operating	27,341	16,947	-	44,288
Park Nonreverting	53,582	65,000	16,378	102,204
Donation	31,733	11,227	5,767	37,193
Record Perpetuation	2,465	1,168	-	3,633
Drug Task Force	13,508	12,183	3,413	22,278
Community Center	8,044	-	8,044	-
PZAZZ Memorial Tree	903	160	1,063	-
Memorial Tree - Brown	5,399	-	5,399	-
Dave Effler Memorial Fund	225	-	225	-
Rainy Day Fund	26,474	286,868	-	313,342
COPS Grant	(31,877)	56,250	45,814	(21,441)
Operation Pull Over	-	800	732	68
TIFF District Fund	161,990	170,249	18,685	313,554
Town Court	20,965	239,667	218,809	41,823
Ford Road Bond	116,132	111,731	227,863	-
Town Hall Lease Rental	50,864	47,169	98,033	-
North Main Street Debt Service	-	148	148	-
Debt Service	74,381	690,353	298,758	465,976
Municipal Building Lease Rental	24,128	178,076	202,204	-
Fire Station Debt	45,362	74,267	119,629	-
Cumulative Capital Improvement	92,435	27,126	119,995	(434)
Town Hall Improvement	-	404,834	91,822	313,012
Cumulative Capital Development	209,787	192,934	229,701	173,020
Cobblestone Lake Road Improvement	-	100,000	-	100,000
Willow Road Construction	-	1,984,272	125,825	1,858,447
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	1,242,533	1,652,377	1,557,195	1,337,715
Wastewater Utility - Bond and Interest	1,747	126,353	124,824	3,276
Wastewater Utility - Reserve	1,485,312	42,688	321,039	1,206,961
Wastewater Utility - Sewer Sinking	59,669	77,458	6,235	130,892
Wastewater Utility - Availability Fees	541,876	944,370	-	1,486,246
Wastewater Utility - Construction	(23,500)	23,500	-	-
Wastewater Utility - Improvement	(5,185)	371,319	353,900	12,234
Trash/Recycling	(10,375)	321,455	323,820	(12,740)
<b>Fiduciary Funds:</b>				
Payroll	3,180	2,511,739	2,511,984	2,935
Levy Excess	-	47,279	-	47,279
<b>Totals</b>	<u>\$ 6,108,845</u>	<u>\$ 16,727,748</u>	<u>\$ 12,677,982</u>	<u>\$ 10,158,611</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ZIONSVILLE  
NOTES TO SCHEDULE

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.

Zionsville Redevelopment Authority is a component of the Town and management has chosen to omit from these financial statements component units which have significant operational or financial relationships with the Town. Accordingly, the financial statements do not include the data of all of the Town's component units necessary to fairly present the financial position of the Town.

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 ZIONSVILLE  
NOTES TO SCHEDULE  
(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.

Note 7. Long-Term Debt

The Town has entered into various debts such as revenue bonds for wastewater projects, general obligation bonds for road construction, a loan for fire equipment, capital leases for buildings and equipment, and bond anticipation notes for wastewater expansion. The outstanding principal at December 31, 2005, was \$655,000, \$2,415,000, \$115,304, \$6,313,715, and \$9,140,000, respectively.



TOWN OF ZIONSVILLE  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Town Hall Lease Rental	2005	\$ 1,000
Fire Building Debt	2005	1,496

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN FUND BALANCES

The Cumulative Capital Improvement Fund, Trash/Recycling Fund, and COPS Grant Fund were overdrawn in 2005.

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 ZIONSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2006, with John J. Yeo, Clerk-Treasurer; and Edward J. Mitro, Town Manager. The officials concurred with our findings.