

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

EXAMINATION REPORT
OF
TOWN OF ZIONSVILLE
BOONE COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
11/19/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt	8
Examination Result and Comment:	
Overdrawn Fund Balances	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	John Yeo	01-01-08 to 12-31-10
President of the Town Council	Matthew Price	01-01-09 to 12-31-10
Town Manager	Edward Mitro	01-01-09 to 12-31-10
Wastewater Utility Superintendent	Dennis Mackey	01-01-09 to 12-31-10



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 ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Zionsville (Town), for the period of January 1, 2009 to December 31, 2009. 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, 2009, 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 2, 2010

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, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 3,835,116	\$ 3,887,761	\$ 4,051,055	\$ 3,671,822
Motor Vehicle Highway	584,217	2,627,630	1,749,989	1,461,858
Local Road and Street	138,619	66,635	194,355	10,899
Law Enforcement Continuing Education	10,491	13,538	10,426	13,603
Park and Recreation	542,376	1,261,661	1,141,342	662,695
Park Nonreverting - Operating	35,832	11,189	8,978	38,043
Park Nonreverting	855,844	480,782	13,007	1,323,619
Donation	60,252	1,424	-	61,676
Record Perpetuation	4,677	406	1,401	3,682
Drug Task Force	27,718	300	134	27,884
Fire Territory - Operating	1,427,282	4,588,634	4,383,204	1,632,712
Fire Territory - Equipment	2,453,752	1,178,800	488,154	3,144,398
Rainy Day	884,894	662,091	561,401	985,584
Food and Beverage	320,716	155,205	340,127	135,794
Park Impact Fee	353,901	38,013	391,914	-
Boone County Economic Development	500	500	-	1,000
Road Impact Fee	133,377	42,189	-	175,566
Golf Course Operating	11,623	274,012	204,268	81,367
Child Passenger Safety	1,200	-	327	873
IN Coalition to Reduce Underage Drinking	3,622	-	-	3,622
DUI Task Force	577	-	-	577
Operation Pull Over	1,805	-	-	1,805
TIF District	1,763,658	1,200,072	328,453	2,635,277
Town Court	20,782	184,594	189,379	15,997
Debt Service	653,876	1,508,503	1,296,941	865,438
Cumulative Capital Improvement	35,213	26,967	63,500	(1,320)
Town Hall Improvement	128,652	-	46,688	81,964
Park and Recreation Improvement	1,100,011	-	189,668	910,343
Cumulative Capital Development	291,796	418,077	689,868	20,005
Cobblestone Lake Road Improvement	200,000	-	-	200,000
Willow Road Construction	331,349	8	16,353	315,004
Redevelopment Authority General	51,040	122,844	121,034	52,850
Lease Rental 2008 Redevelopment Debt Reserve	230,855	5	5	230,855
Lease Rental 2008 Redevelopment Construction	719,804	183,359	411,994	491,169
Proprietary Funds:				
Wastewater Utility - Operating	1,049,195	1,755,183	1,851,257	953,121
Wastewater Utility - Bond and Interest	11,974	-	88	11,886
Wastewater Utility - Availability Fees	895,330	290,152	723,015	462,467
Wastewater Utility - Capital Interest BAN 2006	12,854	-	12,854	-
Wastewater Utility - Improvement	1,710	81,980	86,655	(2,965)
Trash/Recycling	52,716	441,622	456,656	37,682
Fiduciary Fund:				
Payroll	41,880	5,621,134	5,605,014	58,000
Totals	<u>\$ 19,281,086</u>	<u>\$ 27,125,270</u>	<u>\$ 25,629,504</u>	<u>\$ 20,776,852</u>

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

TOWN OF ZIONSVILLE
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 ZIONSVILLE
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.

Note 7. Subsequent Event

On November 4, 2008, the citizens of Eagle and Union Township, along with the Town of Zionsville consolidated into one government body. Therefore, on December 31, 2009, Eagle Township and Union Township ceased to exist as governmental entities.

As a result of this consolidation, the Town Council was increased by two seats and the two former township trustees now serve on the council to represent their respective township constituents until the next municipal election in 2011.

Since the township government was disbanded on December 31, 2009, the Zionsville Town Council became the governing body to accept the two township's Annual Report. All remaining funds have now been transferred to the Town of Zionsville and final audits have been completed by State Board of Accounts.

TOWN OF ZIONSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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	\$ 7,500,136
Infrastructure	17,184,412
Buildings	9,320,939
Improvements other than buildings	4,618,783
Machinery and equipment	34,104,965
Construction in progress	<u>23,901</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 72,753,136</u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 233,815
Buildings	2,874,467
Improvements other than buildings	18,387,425
Machinery and equipment	<u>190,872</u>
 Total Wastewater Utility capital assets	 <u>21,686,579</u>
 Total business-type activities capital assets	 <u>\$ 21,686,579</u>

TOWN OF ZIONSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Zionsville Municipal Building Corporation - First Mortgage Bonds, Series 1999	\$ 2,150,000	\$ 280,000
Zionsville Town Hall Building Corporation - Lease Rental Bonds, Series 2003	<u>1,735,000</u>	<u>111,000</u>
Bonds payable:		
General obligation bonds:		
Park District Bonds of 2007	5,235,000	529,658
General Obligation Bonds of 2005	1,750,000	216,673
Redevelopment Authority Economic Development Lease Rental Bonds of 2003	1,105,000	121,701
Redevelopment Authority Economic Development Lease Rental Bonds of 2008	<u>5,500,000</u>	<u>231,320</u>
Total governmental activities debt	<u>\$ 17,475,000</u>	<u>\$ 1,490,352</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Wastewater Bond Anticipation Notes of 2006	<u>\$ 7,475,000</u>	<u>\$ 317,688</u>
Total business-type activities debt	<u>\$ 7,475,000</u>	<u>\$ 317,688</u>

TOWN OF ZIONSVILLE
EXAMINATION RESULT AND COMMENT

OVERDRAWN FUND BALANCES

At December 31, 2009, the Cumulative Capital Improvement Fund was overdrawn by \$1,320 and the Sewer Improvement - Carter Agreement Fund was overdrawn by \$2,965.

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 2, 2010, with John Yeo, Clerk-Treasurer; and Edward Mitro, Town Manager. The officials concurred with our finding.