

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF ZIONSVILLE  
BOONE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
08/07/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	John Yeo	01-01-08 to 12-31-15
President of the Town Council	Mathew Price Tim Haak	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Town Manager	Edward Mitro	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Dennis Mackey	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Town of Zionsville (Town), for the year ended December 31, 2011. This financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 present 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.

In accordance with Government Auditing Standards, we have also issued a report dated June 18, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit 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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of 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, others within the entity, federal awarding agencies, and pass-through entities 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

June 18, 2012



**STATE OF INDIANA**  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the Town of Zionsville (Town), for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities 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

June 18, 2012

## 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 ZIONSVILLE  
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	\$ 2,941,267	\$ 1,283,789	\$ 2,490,258	\$ 1,734,798
Motor Vehicle Highway	693,184	2,801,810	2,427,515	1,067,479
Local Road And Street	74,773	62,977	130,000	7,750
Park & Recreation Non-Reverting - Operating	38,779	14,933	8,344	45,368
Continuing Education - Police	16,651	12,602	11,142	18,111
Park & Recreation	333,932	596,200	728,213	201,919
Rainy Day	1,657,096	-	-	1,657,096
Levy Excess	17,898	-	17,898	-
Food & Beverage Tax	144,843	200,639	71,104	274,378
Task Force (Police)	27,883	-	-	27,883
Fire Territory Operating	1,526,622	3,840,082	4,501,054	865,650
Boone County Economic Development	1,450	1,000	-	2,450
Cumulative Capital Improvement	24,373	25,200	20,000	29,573
Cumulative Capital Development	505,194	420,409	350,828	574,775
Park and Recreation Non-Reverting - Capital	1,061,341	83,000	82,803	1,061,538
Cobblestone Lake Road Improvement	200,000	-	-	200,000
TIF District	2,982,992	1,335,750	1,168,422	3,150,320
Fire Equipment Replacement	2,790,464	458,243	2,110,661	1,138,046
Donation	53,659	56,694	32,308	78,045
Child Passenger Safety	406	820	524	702
Town Hall Improvement	32,902	-	23,053	9,849
Police Operating	2,205,774	1,825,679	2,793,960	1,237,493
Record Perpetuation	3,168	-	643	2,525
Union Fire Loan	(6,317)	316	-	(6,001)
Lease Rental 2008 Redevelopment 106Th Street Bond	612,441	4,412	9,994	606,859
Debt Service	878,552	1,099,380	1,408,554	569,378
Lease Rental 2008 Redevelopment Debt	230,855	-	-	230,855
Union Debt Service	43,538	192,687	170,750	65,475
Redevelopment Authority	57,149	138,205	132,100	63,254
Willow Road Construction	286,334	2	-	286,336
Park and Recreation Improvement	35,017	-	35,017	-
Road Impact Fee	216,483	87,009	37,624	265,868
Payroll	63,590	6,834,918	6,828,756	69,752
Town Court	23,281	147,175	161,970	8,486
Golf Course Operating	135,521	236,387	222,682	149,226
Trash	77,667	488,269	494,139	71,797
Sewer Operating	1,546,857	2,434,425	1,928,273	2,053,009
2010 Sewage Works Construction	56,946	703,811	657,541	103,216
Sewer Improvement Carter Agreement	9,400	23,335	28,075	4,660
Availability Fees	217,071	312,180	-	529,251
2010 Sewage Works Bond/Interest	48,990	448,464	314,577	182,877
Sewer Debt Service Reserve	38,181	162,164	48,969	151,376
<b>Totals</b>	<b>\$ 21,906,207</b>	<b>\$ 26,332,966</b>	<b>\$ 29,447,751</b>	<b>\$ 18,791,422</b>

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

TOWN OF ZIONSVILLE  
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 and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, and trash.

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 state, local road and street distribution received from the state, financial institution tax received

TOWN OF ZIONSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

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 ZIONSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

TOWN OF ZIONSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 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.

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## 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF ZIONSVILLE  
 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	Park & Recreation Non-Reverting - Operating	Continuing Education - Police	Park & Recreation	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 2,941,267	\$ 693,184	\$ 74,773	\$ 38,779	\$ 16,651	\$ 333,932	\$ 1,657,096	\$ 17,898
Receipts:								
Taxes	261,859	710,319	-	-	-	552,050	-	-
Licenses and permits	457,791	1,600	-	-	5,800	-	-	-
Intergovernmental	381,488	1,932,996	62,977	-	-	38,891	-	-
Charges for services	-	155,689	-	14,758	-	-	-	-
Fines and forfeits	56,912	-	-	-	6,802	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	125,739	1,206	-	175	-	5,259	-	-
Total receipts	<u>1,283,789</u>	<u>2,801,810</u>	<u>62,977</u>	<u>14,933</u>	<u>12,602</u>	<u>596,200</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	889,564	764,034	-	-	-	350,863	-	-
Supplies	22,644	163,785	-	8,344	-	56,226	-	-
Other services and charges	1,293,446	1,299,347	60,000	-	11,142	211,124	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	284,604	200,349	70,000	-	-	110,000	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	17,898
Total disbursements	<u>2,490,258</u>	<u>2,427,515</u>	<u>130,000</u>	<u>8,344</u>	<u>11,142</u>	<u>728,213</u>	<u>-</u>	<u>17,898</u>
Excess (deficiency) of receipts over disbursements	<u>(1,206,469)</u>	<u>374,295</u>	<u>(67,023)</u>	<u>6,589</u>	<u>1,460</u>	<u>(132,013)</u>	<u>-</u>	<u>(17,898)</u>
Cash and investments - ending	<u>\$ 1,734,798</u>	<u>\$ 1,067,479</u>	<u>\$ 7,750</u>	<u>\$ 45,368</u>	<u>\$ 18,111</u>	<u>\$ 201,919</u>	<u>\$ 1,657,096</u>	<u>\$ -</u>

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

	Food & Beverage Tax	Task Force (Police)	Fire Territory Operating	Boone County Economic Development	Cumulative Capital Improvement	Cumulative Capital Development	Park and Recreation Non-Reverting - Capital
Cash and investments - beginning	\$ 144,843	\$ 27,883	\$ 1,526,622	\$ 1,450	\$ 24,373	\$ 505,194	\$ 1,061,341
Receipts:							
Taxes	200,639	-	2,071,942	-	-	378,112	-
Licenses and permits	-	-	4,479	1,000	-	-	-
Intergovernmental	-	-	1,761,741	-	25,200	28,833	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	1,920	-	-	13,464	83,000
Total receipts	<u>200,639</u>	<u>-</u>	<u>3,840,082</u>	<u>1,000</u>	<u>25,200</u>	<u>420,409</u>	<u>83,000</u>
Disbursements:							
Personal services	-	-	4,058,432	-	-	-	-
Supplies	-	-	83,579	-	-	-	-
Other services and charges	71,104	-	319,465	-	20,000	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	39,578	-	-	350,828	82,493
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	310
Total disbursements	<u>71,104</u>	<u>-</u>	<u>4,501,054</u>	<u>-</u>	<u>20,000</u>	<u>350,828</u>	<u>82,803</u>
Excess (deficiency) of receipts over disbursements	<u>129,535</u>	<u>-</u>	<u>(660,972)</u>	<u>1,000</u>	<u>5,200</u>	<u>69,581</u>	<u>197</u>
Cash and investments - ending	<u>\$ 274,378</u>	<u>\$ 27,883</u>	<u>\$ 865,650</u>	<u>\$ 2,450</u>	<u>\$ 29,573</u>	<u>\$ 574,775</u>	<u>\$ 1,061,538</u>

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

	Cobblestone Lake Road Improvement	TIF District	Fire Equipment Replacement	Donation	Child Passenger Safety	Town Hall Improvement	Police Operating
Cash and investments - beginning	\$ 200,000	\$ 2,982,992	\$ 2,790,464	\$ 53,659	\$ 406	\$ 32,902	\$ 2,205,774
Receipts:							
Taxes	-	1,270,750	426,069	-	-	-	1,302,702
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	32,174	-	-	-	490,881
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	65,000	-	56,694	820	-	32,096
Total receipts	-	1,335,750	458,243	56,694	820	-	1,825,679
Disbursements:							
Personal services	-	-	-	-	-	-	2,408,675
Supplies	-	-	-	-	524	-	158,301
Other services and charges	-	-	-	32,308	-	-	103,578
Debt service - principal and interest	-	715,173	-	-	-	-	-
Capital outlay	-	435,108	2,110,661	-	-	23,053	123,406
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	18,141	-	-	-	-	-
Total disbursements	-	1,168,422	2,110,661	32,308	524	23,053	2,793,960
Excess (deficiency) of receipts over disbursements	-	167,328	(1,652,418)	24,386	296	(23,053)	(968,281)
Cash and investments - ending	\$ 200,000	\$ 3,150,320	\$ 1,138,046	\$ 78,045	\$ 702	\$ 9,849	\$ 1,237,493

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

	Record Perpetuation	Union Fire Loan	Lease Rental 2008 Redevelopment 106Th Street Bond	Debt Service	Lease Rental 2008 Redevelopment Debt	Union Debt Service	Redevelopment Authority
Cash and investments - beginning	\$ 3,168	\$ (6,317)	\$ 612,441	\$ 878,552	\$ 230,855	\$ 43,538	\$ 57,149
Receipts:							
Taxes	-	316	-	1,021,291	-	184,427	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	78,089	-	8,260	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	4,412	-	-	-	138,205
Total receipts	<u>-</u>	<u>316</u>	<u>4,412</u>	<u>1,099,380</u>	<u>-</u>	<u>192,687</u>	<u>138,205</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	643	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	1,408,554	-	170,750	-
Capital outlay	-	-	9,994	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	132,100
Total disbursements	<u>643</u>	<u>-</u>	<u>9,994</u>	<u>1,408,554</u>	<u>-</u>	<u>170,750</u>	<u>132,100</u>
Excess (deficiency) of receipts over disbursements	<u>(643)</u>	<u>316</u>	<u>(5,582)</u>	<u>(309,174)</u>	<u>-</u>	<u>21,937</u>	<u>6,105</u>
Cash and investments - ending	<u>\$ 2,525</u>	<u>\$ (6,001)</u>	<u>\$ 606,859</u>	<u>\$ 569,378</u>	<u>\$ 230,855</u>	<u>\$ 65,475</u>	<u>\$ 63,254</u>

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

	Willow Road Construction	Park and Recreation Improvement	Road Impact Fee	Payroll	Town Court	Golf Course Operating	Trash
Cash and investments - beginning	\$ 286,334	\$ 35,017	\$ 216,483	\$ 63,590	\$ 23,281	\$ 135,521	\$ 77,667
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	87,009	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	236,387	488,269
Fines and forfeits	-	-	-	-	147,175	-	-
Utility fees	2	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	6,834,918	-	-	-
Total receipts	<u>2</u>	<u>-</u>	<u>87,009</u>	<u>6,834,918</u>	<u>147,175</u>	<u>236,387</u>	<u>488,269</u>
Disbursements:							
Personal services	-	-	-	6,814,281	-	94,067	-
Supplies	-	-	-	-	-	34,726	-
Other services and charges	-	-	37,624	14,475	-	81,656	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	35,017	-	-	-	6,150	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	161,970	6,083	494,139
Total disbursements	<u>-</u>	<u>35,017</u>	<u>37,624</u>	<u>6,828,756</u>	<u>161,970</u>	<u>222,682</u>	<u>494,139</u>
Excess (deficiency) of receipts over disbursements	<u>2</u>	<u>(35,017)</u>	<u>49,385</u>	<u>6,162</u>	<u>(14,795)</u>	<u>13,705</u>	<u>(5,870)</u>
Cash and investments - ending	<u>\$ 286,336</u>	<u>\$ -</u>	<u>\$ 265,868</u>	<u>\$ 69,752</u>	<u>\$ 8,486</u>	<u>\$ 149,226</u>	<u>\$ 71,797</u>

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

	Sewer Operating	2010 Sewage Works Construction	Sewer Improvement Carter Agreement	Availability Fees	2010 Sewage Works Bond/Interest	Sewer Debt Service Reserve	Totals
Cash and investments - beginning	\$ 1,546,857	\$ 56,946	\$ 9,400	\$ 217,071	\$ 48,990	\$ 38,181	\$ 21,906,207
Receipts:							
Taxes	-	-	-	-	-	-	8,380,476
Licenses and permits	-	-	-	-	-	-	557,679
Intergovernmental	-	-	-	-	-	-	4,841,530
Charges for services	-	-	-	-	-	-	895,103
Fines and forfeits	-	-	-	-	-	-	210,889
Utility fees	2,317,155	-	23,335	312,180	-	-	2,652,672
Penalties	62,954	-	-	-	-	-	62,954
Other receipts	54,316	703,811	-	-	448,464	162,164	8,731,663
Total receipts	<u>2,434,425</u>	<u>703,811</u>	<u>23,335</u>	<u>312,180</u>	<u>448,464</u>	<u>162,164</u>	<u>26,332,966</u>
Disbursements:							
Personal services	-	-	-	-	-	-	15,379,916
Supplies	-	-	-	-	-	-	528,772
Other services and charges	-	-	-	-	-	-	3,555,269
Debt service - principal and interest	568,057	-	-	-	314,577	-	3,177,111
Capital outlay	271,746	657,541	-	-	-	-	4,810,528
Utility operating expenses	1,088,470	-	28,075	-	-	-	1,116,545
Other disbursements	-	-	-	-	-	48,969	879,610
Total disbursements	<u>1,928,273</u>	<u>657,541</u>	<u>28,075</u>	<u>-</u>	<u>314,577</u>	<u>48,969</u>	<u>29,447,751</u>
Excess (deficiency) of receipts over disbursements	<u>506,152</u>	<u>46,270</u>	<u>(4,740)</u>	<u>312,180</u>	<u>133,887</u>	<u>113,195</u>	<u>(3,114,785)</u>
Cash and investments - ending	<u>\$ 2,053,009</u>	<u>\$ 103,216</u>	<u>\$ 4,660</u>	<u>\$ 529,251</u>	<u>\$ 182,877</u>	<u>\$ 151,376</u>	<u>\$ 18,791,422</u>

TOWN OF ZIONSVILLE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 14,399,222	\$ 18,830,671
Golf Course	222,682	236,387
Trash	494,139	488,269
Wastewater	<u>2,977,435</u>	<u>4,084,379</u>
Totals	<u>\$ 18,093,478</u>	<u>\$ 23,639,706</u>

ZIONSVILLE CIVIL TOWN  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Park District Bonds of 2007	\$ 4,745,000	\$ 527,377
General obligation bonds	General Obligation Bonds of 2005	1,530,000	210,728
Revenue bonds	Municipal Building Corporation-First Mortgage Bonds	2,130,000	267,000
Revenue bonds	Town Hall Building Corporation-Lease Rental Bonds	1,370,000	204,000
Revenue bonds	Union Township Fire Building Corporation-First Mortgage Bonds of 2006	<u>2,548,500</u>	<u>114,250</u>
Total governmental activities		<u>12,323,500</u>	<u>13,646,855</u>
Wastewater:			
Revenue bonds	Sewage Works 2010 A-Series Bonds	5,345,000	355,138
Notes and loans payable	Sewage Works 2010 Bond Anticipation Refunding Notes	1,200,000	24,000
Notes and loans payable	Sewage Works 2010 Bond Anticipation Notes	<u>835,000</u>	<u>-</u>
Total Wastewater		<u>7,380,000</u>	<u>7,759,138</u>
Totals		<u>\$ 19,703,500</u>	<u>\$ 1,702,493</u>

TOWN OF ZIONSVILLE  
 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	\$ 8,141,498
Infrastructure	17,712,274
Buildings	9,320,939
Improvements other than buildings	4,041,635
Machinery, equipment and vehicles	4,985,205
Construction in progress	23,901
Total governmental activities	44,225,452
Total capital assets	\$ 44,225,452

TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS

***ANNUAL REPORT NOT FILED ON TIME***

An annual report for 2011 was not filed until March 20, 2012.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

***OVERDRAWN FUND BALANCES***

The Union Fire Loan Fund was overdrawn \$6,001 at December 31, 2011.

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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Zionsville (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2011. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2011.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities 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

June 18, 2012

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF ZIONSVILLE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended December 31, 2011

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	\$ <u>686,697</u>
Total federal awards expended			\$ <u><u>686,697</u></u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF ZIONSVILLE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Zionsville (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF ZIONSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

TOWN OF ZIONSVILLE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF ZIONSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on June 21, 2012, with John Yeo, Clerk-Treasurer, and Edward Mitro, Town Manager. The officials concurred with our audit findings.