

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, 2007 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	John J. Yeo	01-01-04 to 12-31-11
President of the Town Council	Richard Crane Matthew M. Price	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Town Manager	Edward J. Mitro	01-01-07 to 12-31-08
Wastewater Utility Superintendent	Dennis Mackey	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2007 to December 31, 2007. 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, 2007, 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

December 16, 2008

TOWN OF ZIONSVILLE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 2,406,894	\$ 5,191,316	\$ 4,678,129	\$ 2,920,081
Motor Vehicle Highway	617,610	1,467,388	1,481,881	603,117
Local Road and Street	72,217	103,133	100,000	75,350
Law Enforcement Continuing Education	24,003	9,050	21,327	11,726
Park and Recreation	531,644	573,672	710,004	395,312
Park Nonreverting - Operating	31,420	8,732	6,079	34,073
Park Nonreverting	152,204	300,000	-	452,204
Donation	60,134	364	2,093	58,405
Record Perpetuation	5,960	-	952	5,008
Drug Task Force	26,918	-	-	26,918
Fire Territory - Operating	-	3,965,216	3,083,742	881,474
Fire Territory - Equipment	-	1,083,187	201,618	881,569
Rainy Day Fund	313,342	434,272	222,724	524,890
Food and Beverage	109,623	161,432	19,607	251,448
Park Impact Fee	93,100	147,219	-	240,319
Boone County Economic Development	250	1,100	1,250	100
Road Impact Fee	-	27,552	-	27,552
Golf Course Operating	-	3,913	-	3,913
Child Passenger Safety	99	2,000	2,010	89
IN Coalition to Reduce Underage Drinking	4,222	-	600	3,622
DUI Task Force	-	6,250	5,673	577
Operation Pull Over	-	6,083	4,278	1,805
TIF District Fund	449,560	430,965	90,835	789,690
Town Court	25,820	157,530	174,439	8,911
Debt Service	180,692	1,814,962	1,205,596	790,058
Cumulative Capital Improvement	5,915	30,821	-	36,736
Town Hall Improvement	263,402	-	56,973	206,429
TIF District Bond Anticipation Notes of 2004	462,915	11,522	474,437	-
Redevelopment District Construction	892,600	18,388	166,516	744,472
Park and Recreation Improvement	59,800	6,013,546	3,000,024	3,073,322
Cumulative Capital Development	257,347	500,938	300,893	457,392
Cobblestone Lake Road Improvement	100,000	100,000	-	200,000
Willow Road Construction	1,801,396	67,371	1,112,994	755,773
Redevelopment Authority	36,544	119,771	113,194	43,121
Levy Excess	29,444	103,979	29,445	103,978
Proprietary Funds:				
Wastewater Utility - Operating	1,729,353	1,775,069	2,242,071	1,262,351
Wastewater Utility - Bond and Interest	309	241,104	230,308	11,105
Wastewater Utility - Sewer Sinking	500	-	500	-
Wastewater Utility - Availability Fees	183,630	419,145	23,792	578,983
Wastewater Utility - Capital Interest BAN 2006	623,903	11,110	332,015	302,998
Wastewater Utility - Improvement	3,534	100,185	84,220	19,499
Trash/Recycling	5,485	349,319	328,201	26,603
Fiduciary Fund:				
Payroll	3,142	3,589,779	3,574,446	18,475
Totals	<u>\$ 11,564,931</u>	<u>\$ 29,347,383</u>	<u>\$ 24,082,866</u>	<u>\$ 16,829,448</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, general administrative services, and wastewater.

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).

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. The Redevelopment Authority, a blended component unit of the Town, issued Economic Development Lease Rental Bonds of 2008 for \$5,500,000 for the renovation and construction of 106th Street as well as to repay Redevelopment District Bond Anticipation Notes of 2004 and 2006 totaling \$850,000 and \$900,000, respectively. The issuance of this bond will result in a capital lease between the Redevelopment Authority and the Zionsville Redevelopment Commission, a department of the Town.

TOWN OF ZIONSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. 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	\$ 4,647,877
Infrastructure	12,240,302
Buildings	9,924,125
Machinery and equipment	<u>867,735</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 27,680,039</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	91,815
Buildings	10,940,545
Machinery and equipment	<u>59,511</u>
 Total Wastewater Utility capital assets	 <u>11,091,871</u>
 Total business-type activities capital assets	 <u><u>\$ 11,091,871</u></u>

TOWN OF ZIONSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

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-Eagle Township Municipal Building - First Mortgage Bonds, Series 1996	\$ 90,000	\$ 92,250
Zionsville Municipal Building Corporation - First Mortgage Bonds, Series 1999	2,470,000	280,000
Zionsville Town Hall Building Corporation - Lease Rental Bonds, Series 2003	2,000,000	159,500
Notes and Loans Payable:		
Redevelopment Bond Anticipation Notes of 2006	900,000	36,000
Bonds payable:		
General obligation bonds:		
Park District Bonds of 2007	5,845,000	527,720
General Obligation Bonds of 2005	1,960,000	151,820
Economic Development Lease Rental Bonds of 2003	1,235,000	111,383
General Obligation Bonds of 2000	95,000	97,375
Total governmental activities debt	\$ 14,595,000	\$ 1,456,048
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
Sewage Works Revenue Bonds of 1998	230,000	235,075
Sewage Works Bond Anticipation - Refunding Notes of 2006	7,475,000	317,688
Total Wastewater Utility	7,705,000	552,763
Total business-type activities debt:	\$ 7,705,000	\$ 552,763

TOWN OF ZIONSVILLE
EXAMINATION RESULT AND COMMENT

CONDITION OF RECORDS

The CTAR-1 presented for examination was incomplete and not reflective of the activity of the Redevelopment District Fund, Park and Recreation Improvement Fund, and the Capital Interest BAN 2006 Fund. Detailed investment activity was not reported properly. The purchase and sales of investments were incorrectly reported as bond proceeds or other miscellaneous receipts and disbursements. Additionally, the investments on hand at December 31, 2007, were not reported in the ending cash and investment balance on Part I of the CTAR-1, thus understating the cash and investment balance of these funds.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (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 December 16, 2008, with John J. Yeo, Clerk-Treasurer; Matthew M. Price, President of the Town Council; and Edward J. Mitro, Town Manager.