

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ZIONSVILLE

BOONE COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
08/08/2022



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer	Tammy Havard (Vacant) Kellie Adams	01-01-21 to 12-23-21 12-24-21 to 04-10-22 04-11-22 to 12-31-22
Mayor	Emily Styron	01-01-21 to 12-31-22
President of the Town Council	Josh Garrett Jason Plunkett	01-01-21 to 12-31-21 01-01-22 to 12-31-22
Director of Public Works	Lance Lantz	01-01-21 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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TO: THE OFFICIALS OF THE TOWN OF ZIONSVILLE, BOONE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Zionsville (Town), for the period from January 1, 2021 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

July 18, 2022

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TOWN COUNCIL  
TOWN OF ZIONSVILLE

TOWN COUNCIL  
TOWN OF ZIONSVILLE  
AUDIT RESULT AND COMMENT

***APPROPRIATIONS***

*Condition and Context*

Disbursements were made from the Town Hall Improvement fund totaling \$205,585 in 2021 that were for expenses related to a town hall renovation project. However, the Town Council did not approve any appropriations for this fund.

*Criteria*

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body . . ."





Town of Zionsville | 1100 West Oak Street | Zionsville, Indiana 46077 | [www.zionsville-in.gov](http://www.zionsville-in.gov)

## OFFICIAL RESPONSE

July 26, 2022

Indiana State Board of Accounts  
302 West Washington Street Rm E418  
Indianapolis, IN 46204-2765

Re: Town Council, Town of Zionsville, IN Official Response

On behalf of the Town Council of the Town of Zionsville, IN, I want to thank you and the entire State Board of Accounts (“SBOA”) team for responding to the Town Council’s request for an expedited review and audit of the 2021 Town finances. The Town Council continues to be concerned that the Town does not have the adequate processes and systems in place to ensure accurate town financial information is available to the Town Council and the members of the public at large. Further, we want to ensure that the Town is in compliance with Indiana state statutes, rules and regulations and SBOA policies and procedures. We value the SBOA’s expertise and take seriously the matters of noncompliance you share in your letter and corresponding supplemental information. As noted in your Audit Result and Comment Supplemental Report (“Supplemental Report”), the Town Council has the right to respond to matters listed in the Supplemental Report that are requirements of the Town Council. While the Town Council has comments on the entire findings of the Supplemental Report, we are limiting our comments to the Town Council response items: 1) Disbursements made from the Town Hall Improvement Fund totaling \$205,585 in 2021 for expenses related to the town hall renovation project that were not approved by the Council through the appropriations process and 2) ensuring staff is receiving training on internal control procedures.

The Supplemental Report states, **“Disbursements were made from the Town Hall Improvement fund totaling \$205,585 in 2021 that were for expenses related to a town hall renovation project. However, the Town Council did not approve any appropriations for this fund.”** You further note that Indiana Code § 36-5-4-2 states in part: **“Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body...”** The expenses and comments referring to the “town hall renovation project” have also been referred to in the Town as the “Town Hall Reconfiguration Project”, “Town Hall renovation project” and/or “the Mayor’s Action Center.” We use each interchangeably in comments noted below. Also, please note that Josh Garrett served as the President of the Council in 2021 and will be noted as President Garrett in these documents.

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Administration 317.344.1167	Finance & Records 317.873.5410	Police 317.873.5967	Parks & Recreation 317.733.2273	Public Works 317.873.4544
Town Council 317.873.5130	Town Court 317.873.8240	Fire 317.873.5358	Planning & Economic Development 317.873.8247	

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Additionally, I will be referenced as Councilor Plunkett on 2021 matters and then President Plunkett beginning January 1, 2022 through the present.

At the outset I want to stress that the Town Council members take their role and responsibilities under Indiana state statute very seriously. The system of “checks and balances” should allow for the Town Council to review and approve all appropriations of funds prior to such funds being spent by the administration. The Town Council has become increasingly frustrated with the circumvention of the appropriation process, the lack of transparency in spending and town finances, lack of internal controls, lack of financial information provided to the Town Council, and general concerns about lack of fiduciary responsibility for the Town and our taxpayers. Despite repeated pleas for the administration to provide clear and transparent financial information, we find ourselves almost 18 months later without the information and data to make informed spending decisions for our Town. This has led to delays in payments to our vendors, significant deficits in the Town’s payroll accounts (as noted in your Supplemental Report), and a myriad of financial concerns. We will continue to look for your guidance as we work to support improvement in the Town’s financial systems and internal control processes. We will also seek the assistance of state leaders to guide us in how we can require better accountability from the Administration to the Town Council approved budget and the statutory requirements. Unfortunately, to date this has not been the case.

The Town Council believes it is important to address the Town Hall Renovation Project specifically – as the expenses related to this project were not approved as additional appropriations by the Town Council (as noted in the Supplemental Report). This project and the expenses related to this project have been a point of significant contention between the Council and the Mayor/administration. To demonstrate this concern, I would like to share a timeline of the Town Council’s conversations related to the Town Hall Renovation Project in 2021 (*please note such concerns have continued to be voiced by the Town Council in 2022*). For your convenience, I have attached PDFs of all meeting minutes for 2021 and copies of all Accounts Payable Registers for 2021 as outlined in the timeline below.

- Tuesday, February 16, 2021 Regular Town Council Meeting
  - The Mayor’s Administration, represented by Lance Lantz, Director, Department of Public Works, provided the Town Council with a presentation on the Town Hall Reconfiguration Project.
  - Mr. Lantz gave an overview of the proposed reconfiguration project.
  - Mr. Lantz shared construction plans and provided a breakdown of proposed costs for reconfiguration of the existing Town Hall (a \$10m facility newly constructed



by the Town which opened on September 19, 2017).

- Proposed costs for the reconfiguration were estimated at \$367,694.
- No action was taken at the meeting.

- Monday, March 15, 2021 Regular Town Council Meeting

- The Mayor's Administration, represented by Tammy Havard, Chief Financial Officer, requested the Town Council consider an Additional Appropriation Resolution that included various additional appropriations for the Town. Included in this Resolution was a request for an additional appropriation from the Cumulative Capital Improvement Fund of \$20,000 for the wiring and computer networks for the reconfiguration at Town Hall.
- There was discussion between the CFO and members of the Town Council in which a specific question was posed – can the Town Hall reconfiguration project be completed without additional appropriations. Ms. Havard outlined what could and could not be accomplished on the renovation without the additional appropriations and how it could affect the timing and costs of the projects.
- After additional discussion, the Town Council voted to deny the additional appropriation for \$20,000 by a vote of four in favor to deny, three opposed (4/3).
- Next, the Mayor's Administration, again represented by Ms. Havard, and presented by the Town Council President Josh Garrett discussed a request for an additional appropriation of \$98,000 from the Town's Cumulative Capital Development Fund.
- The Town Council again voted to deny the request by a vote of four in favor to deny, three opposed (4/3).

- August 16, 2021 Regular Town Council Meeting

- On agenda item #8, Approval of Claims, Town Council members questioned a carry-over claim from the previous meeting for another law firm that was added to the Mayor's budget. President Garrett noted that following the meeting, he was told by the Mayor's Administration that the claim was for consulting services on the Municipal Action Center (*which was related to the reconfiguration project*). President Garrett noted that he feels that this is an effort by the Mayor/Administration to circumvent the additional appropriation process and the previous denial of requests for additional appropriations for the Town Hall Reconfiguration Project. Councilor Traylor further shared a concern that the Mayor is executing contracts for the Town (requiring funds to be expended by the Town without approval of the Town Council).
- President Garrett expressed frustration that the Town Council approved a budget



and appropriated money for specific departments and projects. He notes that he believes the Mayor is taking money from those budgeted items and paying for the Mayor's Action Center in lieu of what the Council approved in the Town's budget. He states, "Well, we don't want to spend \$300,000 on a brand new building." And so instead of them [the Mayor/Administration] saying, "Okay, we won't do it," they said "Oh, alright. Well...instead of spending A, B, and C, we're going to spend it on the Mayor's Action Center."

- This was the first of many Council discussions on this point (which continue through today). The three big questions raised (and that remain):
  - **How can the Council enforce the budget that the Council enacted and ensure that money that the Council appropriated is being spent on the services/projects in that Budget?**
  - **How the Town Council ensure that the Mayor is not legally binding the Town for service and Projects the Town Council has not approved?**
  - **What power does the Town Council have to enforce action if the Mayor spends money or encumbers the Town with contractual obligations for projects and spending never approved by the Town Council?**
- Monday, September 7, 2021
  - During the discussion of the approval of claims, Councilor Plunkett raised a question on claim 218-44900999 under the non-department line item titled electric construction for the municipal action center work stations. As discussed previously, he noted that there is \$289,000 in claims for the municipal action center. He further notes that \$182,000 of those claims were for contractual services (leading to an assumption that the remainder were for non-contractual services). He asked "...at what point are the claims circumventing the appropriations request from earlier this year? I mean, this specifically says MAC work stations. I'm assuming it is construction of the municipal action center. I mean, is this something that we are required to pay since we declined the appropriations earlier this year?"
  - President Garrett responded, "I think we are required to pay it. I think what is interesting is what is not getting paid instead, right? You know how we do budgets. We say we're going to do \$20,000 for this, this and this. If you want something different, then there's something in this original proposal that's not paid to pay this other thing. And that's what I don't know. I don't know that the money we would have spent on other things that were presented through the budget process have not been paid for the Mayor's Action Center."
  - Councilor Plunkett further stated, "...how is this any different then



[representatives] coming from the administration [to ask] for a quarter million dollars for a municipal action center town hall reconfiguration. We say no, they do it anyway, and now we're getting claims that say they are for the municipal action center."

- President Garrett responded, "So, there's \$250,000 in your example of things, of other things that were said they will be spent on that now won't be spent."
- Councilor Traylor noted, "We don't know what those are."
- Councilor Garrett responded, "No, I don't know what those are."
- Councilor Traylor responded "Fun shell game."
- Councilor Plunkett stated, "So, what's the purpose of claims anyway? I mean, my understanding was that the claims would, with the exception of fixed expenses on a monthly basis ... be approved and then paid. If they're not approved, then I guess I'm confused with why we continue to see municipal action center claims and we're being forced to pay them." He later goes on to say "And we didn't want it."
- This discussion continues through the remainder of the meeting.
- The Councilors then question why the Council is not getting any financial information from the Town to make decisions on spending. Councilor Plunkett states, "We've got \$1.2 million worth of claims on here and we don't know what balances are in any of these accounts. We don't know how much money we have. We don't know how much we have spent. We have no idea. As a fiscal body for the Town of Zionsville this looks really bad."

- September 20, 2021

- The Mayor's Administration, represented by Tammy Havard, CFO, presented the proposed 2022 budget.
- Councilors expressed concern that they were receiving the budget so late in the process and without good financial information (including fund balances) to be able to make informed decisions.
- The Mayor's Administration represented the Town Council would be receiving a fiscal accountability plan.
- At the end of the meeting, Councilors questioned why a claim from 2020 was being requested this late in 2021 and whether or not money had been appropriated for the claim.

- October 4, 2021

- The Town Council has the first reading on the 2022 Budget for the Town of Zionsville. Councilors again questioned why they had not seen fund balances for



the Town in several months (since June 2021). There were a lot of concerns expressed with the proposed budget and the lack of information to make informed decisions on the budget.

- October 18, 2021
  - The Town Council adopted the budget. Councilors again questioned the lack of financial information from the administration to make decisions on behalf of the Town.
- November 1, 2021
  - Councilor Plunkett called for an Administration Update from the Mayor/Administration pursuant to Agenda Item #4. No member of the administration responded. He questioned how the Council could get an update on the Town's fiscal sustainability plan and an estimated timeline for completion.
- November 15, 2021
  - President Garrett called for an Administration Update from the Mayor/Administration. Staff noted that there was no one there to provide an update (and no one from the Administration came forward to speak).
  - The State Board of Accounts was present for this meeting.
  - Councilors questioned why they were being asked to retroactively approve an offer letter for the Parks Superintendent that was dated September 9, 2020. Heather Harris (Willey), legal counsel for the Town Council shared her understanding of the request per correspondence with Ms. Havard. She noted that the Administration had made an offer letter to the Parks Superintendent in 2020 at an amount that was above what the Town Council approved in the Salary Ordinance for that position. The Administration had failed to come back to the Council for approval of an amendment to the Salary Ordinance (and an additional appropriation as necessary). Ms. Harris (Willey) explained that the Town Council was not required to approve the offer letter under the Town's Reorganization – so the Town Council was not involved in preparing or providing the offer for the Parks Superintendent. The request was to correct the item for the SBOA audit. Councilors expressed concern with the Mayor's Administration not following the required approval process.
  - Again the Councilors questioned claims.
  - Councilor Plunkett noted that there claim for the non-department fund 999 for a \$13,500 legal claim. He asked why that claim was not listed under legal.
  - Councilor Traylor noted that the Council continues to see Mayor's Action Center





claims for expenditures related to the Town Hall Reconfiguration Project. He questioned Ms. Havard about where the money is coming from since the Town Council denied appropriations for this project.

- Discussion continued on this subject. Councilor Plunkett stated that he wanted to know how much money was spent on the Mayor's Action Center, where the money came from, and when it was completed because the Mayor's Action Center had been completed.
- Monday, December 6, 2021 Regular Meeting
  - The Mayor's Administration, represented by Ms. Havard, presented a non-DLGF budget. She noted that the Administration had separated the DLGF tax-supported funds from the non-tax supported funds into two different budgets.
  - Councilor Traylor questioned why the Town Hall Improvement Fund was not listed on the DLGF Budget or the non-DLGF Budget. Ms. Havard noted that they had separated "non-appropriated funds" and were not listing them in either budget.
  - Ms. Harris (Willey) questioned why the Town had separated the budgets. She noted the Town had never had two budgets – but rather one budget that showed all of the funds. She noted that the role of the Town Council is to provide fiscal oversight for the Town. Ms. Harris (Willey) further expressed concern about the lack of transparency and stressed that the Town must provide a public accounting of all funds (even if they are dedicated for a specific purpose) to the Town Council and for inspection by the public. Ms. Harris (Willey) expressed to the Town Council that she was very concerned that Councilors were not seeing all funds and fund balances. She further expressed that financial information had not been provided to the Council in several months.
  - Councilor Traylor again questioned why the Council had not received any information on how the Mayor's Administration had paid for the renovation of the Town Hall.
  - The Councilors again questioned why they had not been receiving monthly financial information and fund balances.
  - Councilor Traylor again noted that \$204,000 had been spent out of the Town Hall Renovation Fund that the Council did not approve. He stressed concern that the Mayor has been intentionally omitting information.
  - President Garrett noted that it was the Council's expectation to have all funds show up in the budget.
  - Ms. Havard noted that the reason the Administration had not sought approval for expenditures is because additional appropriation requests have additional process



requirements.

- President Garrett noted that he is willing to have additional processes if that means additional transparency.
  - In Other Matters, Councilor Traylor made a statement about the Town Hall Renovation. He noted that the Council had been asking the Mayor for months for why the Town was renovating Town Hall when the Council had not approved the project. He noted that the total renovation costs were \$340,622. He pointed out that \$75,000 for the Town Hall Renovation was coming from the Motor Vehicle Highway (“MVH”) Fund (*the SBOA also shares the Supplemental Report that this expenditure was not following the legal requirements for use of funds from MVH*). He also noted that \$28,996.38 came from the Cumulative Capital Development Fund and an additional \$32,482.23 came from the general fund. He pointed out that another \$204,160.67 came from the Town Hall Improvement Fund. He pointed out that none of these expenditures/additional appropriations were approved by the Town Council. (*Note: The SBOA Supplemental Report also notes that these expenditures were not properly approved the Town Council.*) He went on to state, “The Mayor – I don’t know why but for some reason believes that she has the authority to appropriate the money on her own and that’s \$204,160.67 that we did not approve, that in my mind should still be in the fund.” He goes on to state “The Mayor took it upon herself to pay for the Town Hall renovation.” Later in the discussion Councilor Traylor noted that he had been asking the Mayor specifically what funds she was using to pay for the renovation and that the Mayor had quit responding.
  - The Councilors later discussed the approval of claims. Councilor Traylor notes his lack of confidence in the information being provided by the Administration. He stressed that he believed the Mayor’s Administration was no longer correctly coding claims that were for payment of services/goods related to the Mayor’s Action Center.
  - President Garrett noted a concern that he did not see any payroll on the claims.
  - Numerous claims were questioned by members of the Council.
- Monday, December 20, 2021 Regular Meeting
    - President Garrett discussed his concern that in one year the Council had never had an update from the Mayor or her administration as requested by the Council for the agenda item Mayor/Administration Update.
    - The Council further discussed the Ordinance prepared by the Administration establishing a 2022 Budget for Non-DLGF funds.





- Again, President Garrett questioned why funds like the Town Hall Improvement Fund are not being identified as a DLGF fund or non-DLGF fund so that they are appropriately budgeted and appropriated. He expressed concern with what other funds are not being disclosed by the Administration.
- Under Other Matters, President Garrett again shared a concern that financial statements from the Town keep showing the Town Hall Improvement Fund with a budget of \$210,000 and that the Council never budged money from the fund. He noted that the fund balance is now zero.

As you can see, the Town Council has continued to express serious concerns about the Administration not adhering to the required statutory process – including requests for additional appropriations – before expending Town funds. The Town Council is also very concerned that the Mayor has entered into contracts for the Town Hall Renovation that the Town Council did not approve. These contractual obligations legally bind the Town to pay for vendor fees, services and related expenses (again for a project that was never approved by the Town Council). The result is that the Town Council has been “forced” pay claims or position the Town for a lawsuit from a vendor(s) or service provider that has provided a good or service but has not been paid.

I have shared that several claims were added to the Town’s Accounts Payable Register(s) for vendors/services related to the Town Hall Reconfiguration Project. Here is a sampling of such claims:

- 1/19/2021 Town Accounts Payable Register: Fund 101, General Fund, Department 100, Administration, David Rausch Studio for Town Hall Renovation Design Plan, \$24,765.36.
- 2/1/2021 Town Accounts Payable Register: Fund 270, Town Hall Improvement Fund, Department 999, Non-Departmental, Zionsville Chamber of Commerce, Refund Chamber for Overpayment of Rent, \$1,400.00.
- 3/1/2021 Town Accounts Payable Register: Fund 270, Town Hall Improvement Fund, Department 999, David Rausch Studio, Town Hall Renovation Design/Engineering, \$12658.10.
- 5/17/2021 Town Accounts Payable Register: Fund 101, General Fund, Department 170 Engineering, Beam Longest and Neff, Engineering Review, \$35,379.29\* (questioned as engineering for Town Hall Renovation).
- 5/17/2021 Town Accounts Payable Register: Fund 281, Town Hall Improvement, Fund 999 for two claims: 1) David Rausch Studio for \$6,115.50 and 2) CPM Construction Manager, Inc. for \$92,180.83 both for Town Hall Renovation.



- 6/7/2021 Town Accounts Payable Register: Fund 281, Town Hall Improvement, Fund 999 for three claims: 1) FSG Holdings, Inc. for Town Hall Renovation Cabling for \$14,650.00, 2) FSG Holdings, Inc. for Town Hall Renovation Wiring Labor for \$12,080.00, 3) Officeworks Services LLC for 50% deposit on furniture, \$27,065.48. All three claims were for the Town Hall Renovation.
- 6/21/2021 Town Accounts Payable Register: Fund 101, General Fund 170 Engineering, Beam Longest and Neff, Engineering, \$42,809.92 (questioned as engineering for Town Hall Renovation).
- 6/21/2021 Town Accounts Payable Register: Fund 281, Town Hall Improvement Fund has three claims: 1) Central Indiana Maintenance for deep clean post construction, 2) David Rausch Studio for Architectural Services for \$3,380.00, 3) Chase Bank Payment (P-Card Purchase) for Indiana Security Pros, LLC for pre-wiring for new door controls for \$1,000. All three claims were related to the Town Hall Renovation.
- 8/2/2021 Town Accounts Payable Register: Fund 101, General Fund, Department 170 Engineering, Beam Longest and Neff, \$46,985.35 (questioned as engineering for Town Hall Renovation).
- 8/16/2021 Town Accounts Payable Register: Fund 101, General Fund, Department 170, Engineering, Beam Longest and Neff, \$46,768.30 (questioned as engineering for Town Hall Renovation).
- 8/16/2021 Town Accounts Payable Register: Fund 281, Town Hall Improvement, Officeworks Services, LLC for remainder of furniture for \$24,401.96 for Town Hall Renovation.
- 9/7/2021 Town Accounts Payable Register: Fund 281, Town Hall Improvement, Adams Electric, Inc. for Data & Circuits – MAC Workstations for \$2,307.05.
- 12/6/2021 Town Accounts Payable Register: Fund 101, General, Engineering, \$61,922.72 for Beam Longest and Neff, \$61,922.72 (questioned as engineering for Town Hall Renovation).
- 12/20/2021 Town Accounts Payable Register: Fund 402, Chase Payment (P-Cards) to Diskey Signs & Graphics for New Signage for Town Hall for \$1,230.00.

Regarding the second item for comment- proper training of staff on internal controls – it is important to point out that the Town of Zionsville has been reorganized under the authority granted by state law in Ind. Code § 36-1.5 *et al* (The Government Modernization Act). Pursuant to Ind. Code § 36-1.5-1-6, “except as otherwise specifically provided by law, to the extent the provision of the [Act] are inconsistent with the provisions of any general, special, or local law, the provisions of this article are controlling, and compliance with this [the Act] shall be treated as compliance



with the conflicting law.” The Town passed Resolution No. 2014-11, Reorganization 2.0. Resolution No. 2014-11 creates the office of Mayor and reassigns the duties of the elected Clerk Treasurer to the Mayor. Further, it provides the Mayor with certain specified roles/responsibilities as specifically delineated in the Resolution. For example, the executive power of the Town Council President is vested in the Mayor and the Town Council remains the fiscal body for the Town. As part of these powers, the Mayor is responsible for the day-to-day management of the employees in the Town and ensuring that the Town employees have the proper education and training to perform their respective roles. Notwithstanding, given the SBOA’s request to ensure that such staff receive additional training – the Town Council will be taking official action to require that any/all fiscal staff and officers of the Town receive additional training as required by the SBOA and other relevant agencies and to be supervised by the Mayor. The Council will ask that each individual certify to the Town Council that he/she has attended the required training(s) on an annual basis.

Additionally, it is important to note that the Town Council has requested that the Mayor engage the Town’s outside financial advisor – Crowe (Crowe has been recently reengaged by the Mayor and the Council appreciates their financial advice) – to provide the Town Council with a full analysis of the financial situation, provide a detailed overview of key concerns, and review/revise the Town’s internal control procedures, policies and other procedures/systems that have continually lead to the Town Council receiving either no financial information on a monthly basis – or incomplete and inaccurate financial information. It is our hope that the Mayor’s administration will take on this work with the Council.

The Council will be preparing a series of Ordinances and Resolutions for consideration by the Council over the next few months to further codify internal control procedures, further outline the expectation of the Council for the approval of claims and appropriations, that will significantly revise the current P-Card program (that was originally recommended by the Mayor’s administration), and take other necessary measures. Further, the Town Council will thoroughly review the entire Supplemental Report and is open to advice, guidance and support from the SBOA (and other state agencies such as the DGLF) on ways to ensure that the Council passed budget is adhered to by the Mayor and the administration. The Town Council will also be speaking with state lawmakers about ways to strengthen the statute to allow fiscal bodies to do their job and not be ignored in their repeated attempts to receive accurate, timely and important financial information.

\*\*\*



Again, thank you for your efforts to expedite our 2021 audit. We look forward to working with you as we move forward.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Plunkett", is written over the word "Sincerely,".

Jason A. Plunkett

Town Council President

CC: Brad Burk, Vice President, Town Council  
Alex Choi, Councilor, Town Council  
Joe Culp, Councilor, Town Council  
Josh Garrett, Councilor, Town Council  
Craig Melton, Councilor, Town Council  
Bryan Traylor, Councilor, Town Council  
Heather Harris, Partner, Barnes & Thornburg LLP

TOWN COUNCIL  
TOWN OF ZIONSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2022, with Kellie Adams, Chief Financial Officer; Emily Styron, Mayor; Julie Johns-Cole, Deputy Mayor; Jason Plunkett, President of the Town Council; Brad Burk, Vice President of the Town Council; Alexander Choi, Town Council member; Josh Garrett, Town Council member; Craig Melton, Town Council member; Bryan Traylor, Town Council member; Heather Harris, Town Council Attorney; and Amy Nooning, Town Attorney.

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CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE

CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS

## **INTERNAL CONTROLS**

### *Condition and Context*

Proper internal controls were not in place over cash and investments, disbursements, and financial close and reporting. The following issues were identified:

#### *Cash and Investments*

One employee was responsible for completing the monthly bank reconciliements without evidence of an internal control, such as an oversight, review, or approval process, to ensure accuracy. This led to instances of bank reconciliements not being completed timely and reconciliements not being completed accurately.

#### *Disbursements*

Effective internal control procedures related to disbursements had not been established. The internal controls in place were not effective to detect disbursements that were missing supporting documentation, disbursements that were not approved by the Town Council, and transactions that were not disbursed from the appropriate fund.

#### *Financial Close and Reporting*

The Town had not established effective internal controls over the accuracy and timeliness of the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR) and financial statement. One employee prepared and submitted the AFR in Gateway without evidence of an internal control, such as an oversight, review, or approval process, to ensure completeness and accuracy.

### *Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."



CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

**OVERDRAWN CASH BALANCES**

*Condition and Context*

The cash balances of the following funds were overdrawn, as summarized below:

Fund	Amount Overdrawn
Payroll	\$ (752,805)
OCDETF-Task Force	(966)
Creekside Allocation Fund	(47,681)

*Criteria*

The cash 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 unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

An overall bank reconciliation to balance all the bank accounts to the total cash and investment balance was not performed. Individual bank account reconciliations were not being completed timely throughout the audit period. The bank account used for payroll was not being reconciled, and there were unidentified posting errors causing a cash long difference of \$1,034,014 in relation to the reported Payroll fund balance of (\$752,805) at December 31, 2021. Town funds that reconcile to the primary bank account contained posting errors in receipts totaling \$513,655, causing the receipt amount reported in the financial statement to be understated. Additionally, the bank reconciliations contained other reconciling items that could not be verified.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**ERRORS ON CLAIMS**

*Condition and Context*

We identified numerous issues in disbursements related to a lack of supporting documentation and a lack of proper approval of disbursements as noted below:

CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

1. A disbursement for \$22,062 dated December 7, 2021, was processed and paid, but had not been approved by the Town Council prior to disbursement. The disbursement did not appear on the Allowance of Accounts Payable Voucher listing for Town Council approval until December 20, 2021.
2. The Town was unable to provide supporting documentation for a disbursement dated January 29, 2021, in the amount of \$4,557.
3. A disbursement dated April 15, 2021, in the amount of \$182,374 for contractual services for construction for the park was not included on an Allowance of Accounts Payable Voucher listing and was not approved by the fiscal officer or the Park Board.
4. A disbursement dated April 30, 2021, in the amount of \$10,236 for car leases that was not included on an Allowance of Accounts Payable Voucher listing and was not approved by the fiscal officer or the Town Council.
5. A disbursement dated April 12, 2021, in the amount of \$100,000 appeared on the Allowance of Accounts Payable Voucher listing that was approved by the fiscal officer and Town Council at an incorrect amount of \$10,000.
6. Twelve of the thirteen payroll claims tested were not approved by the fiscal officer or the Town Council. In addition, the payroll claims were not included on the Allowance of Accounts Payable Voucher listing.
7. A duplicate disbursement dated July 1, 2021, in the amount of \$94,000 for Union Township of Boone County Building Corporation was recorded using JE 101580. The disbursement was not included on an Allowance of Accounts Payable Voucher listing and was not approved by the fiscal officer or the Town Council.
8. Disbursements totaling \$82,065 were originally approved by the Town Council to be disbursed from the Town Hall Improvement fund. However, these disbursements were later moved from the Town Hall Improvement fund to the MVH fund (\$55,000) and the Cumulative Capital Development fund (\$27,065) without Town Council approval. Of the \$27,065 transferred to the Cumulative Capital Development fund, \$3,238 in disbursements were subsequently moved back to the Town Hall Improvement fund without Town Council approval.
9. Disbursements were made from the Town Hall Improvement fund totaling \$205,585 in 2021 that were for expenses related to a town hall renovation project. However, the Town Council did not approve any appropriations for this fund.

*Criteria*

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;

CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
  - (3) the invoice or bill is filed with the governmental entity's fiscal officer;
  - (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
  - (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . .
- (d) The fiscal officer of a governmental entity shall issue checks or warrants for claims by the governmental entity that meet all of the requirements of this section. The fiscal officer does not incur personal liability for disbursements:
- (1) processed in accordance with this section; and
  - (2) for which funds are appropriated and available. . . ."

***MVH FUND - USE OF FUNDS***

*Condition and Context*

\$75,000 was disbursed from the MVH fund to pay for expenses related to a town hall renovation project.

*Criteria*

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 8-14-1-5(a) states:

"Subject to subsection (c), all funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, preservation, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction, preservation, and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices, and the painting of surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law."

***ELECTRONIC PAYMENTS***

*Condition and Context*

The credit card claims for the monthly amounts due for the purchasing card statements were paid automatically through electronic funds transfer. However, the Town had not adopted an ordinance that would permit payment of credit card claims electronically.

CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 36-1-8-11.5 states:

"(a) As used in this section, 'electronic funds transfer' means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.

(b) The fiscal body of a political subdivision or the board of a municipally owned utility may adopt a resolution to authorize an electronic funds transfer method of payment of claims. If a proper body adopts a resolution under this subsection, the political subdivision or municipally owned utility may pay money from its funds by electronic funds transfer.

(c) A political subdivision or municipally owned utility that pays a claim by electronic funds transfer shall comply with all other requirements for the payment of claims by political subdivisions or municipal utilities."

**PURCHASING CARD TRANSACTIONS**

*Condition and Context*

Purchasing cards were used to pay for the following items:

1. Eleven gift cards to various restaurants totaling \$260, each gift card was in the amount of \$20 or \$25.
2. There were seven charges of \$15,000 each, made for monthly legal fees paid to the Town's attorney.

The purchases were not in compliance with the policies and ordinances adopted by the Town Council.

The Town of Zionsville Purchasing Card Policy and Procedure Manual dated July 2020 states in part:

"The Town Purchasing Card may not be used to purchase items that are not in accordance with the Town of Zionsville's payment and procurement rules and regulations. The following list provides examples of unallowable/excluded purchases. This list is not intended to be a complete list of unallowable/excluded purchases that can be made with the Purchasing Card but is provided to assist you in determining a general idea of unacceptable transactions. If you are uncertain whether a purchase is allowable on the Purchasing Card, contact your Department and/or Purchasing Card Coordinator.

Unallowable/Excluded Purchases Descriptions:

- Cash Advances
- Gift Cards

CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

- Entertainment
- Personal Items . . ."

The Town approved Ordinance 2020-07, dated August 17, 2020, to authorize the use of Purchasing Cards states in part: "The purpose of a purchasing card program is to provide an efficient, cost-effective method of purchasing and paying for small-dollar as well as high-volume purchases. . . ."

*Criteria*

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1.)

Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**SUPPLEMENTAL SCHEDULES IN ANNUAL FINANCIAL REPORT**

*Condition and Context*

The supplemental schedules included in the Annual Financial Report, as originally reported on the Indiana Gateway for Government Units financial reporting system, contained numerous errors and/or were not supported by the Town's records.

The Town was unable to provide a capital asset listing to support the values reported in the Schedule of Capital Assets.

The Town did not accurately report the ending principal balances, and principal and interest due within one year for debt in the Schedule of Leases and Debt.

The Town was unable to provide supporting documentation for the amounts reported in the Schedule of Accounts Payable and Accounts Receivable.

*Criteria*

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

"The state examiner shall require from every audited entity 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](#)."

CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

**MONTHLY AND ANNUAL ENGAGEMENT UPLOADS TO GATEWAY**

*Condition and Context*

Monthly bank statements, bank reconciliations, and outstanding checklists were not uploaded to the Indiana Gateway for Government Units (Gateway) financial reporting system for 14 of the 17 bank accounts for April to December 2021. Minutes of the Town Council meetings were not uploaded to Gateway for any of the months in 2021. The monthly funds ledger summarizing total receipts, disbursements, and beginning and ending balances by fund were not uploaded to Gateway for April to December 2021.

The Town is also required to upload various documents on an annual basis. The following documents were not uploaded in Gateway for 2021:

- Year-end Investment Statements (for Town Treasurer)
- Detail of receipt activity
- Detail of disbursement activity
- Current Year Salary Ordinance and Amendments
- Annual Vendor History Report
- Annual Funds Ledger (beginning balance, receipts, disbursements, and ending balance by fund)
- Annual Payroll History Report - without SS#
- Court Fund Subsidiary Detail (as of 12-31)

*Criteria*

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15th of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . . Thereafter, annual files must be uploaded no later than March 1st . . . for the prior year end unless the SBOA establishes a different date. . . .

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, . . .
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund . . .

CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

The following files and governmental unit information are required to be uploaded annually . . . :

- Year-end Investment Statements (for Counties - County Treasurer)
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund . . .
- Additionally, for County Clerk and Cities/Towns with courts: Court Trust Fund Subsidiary Detail as of December 31
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

(Amended State Examiner Directive 2018-1)





## OFFICIAL RESPONSE

July 28, 2022

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

***After presentation from the administration and unanimous approval by the Town Council, the Town implemented a new financial system during 2021. It was anticipated by all that this system would move the Town forward in transparency and openness and efficiency. Unfortunately, the system has failed to live up to its expectation, and the Town has informed the vendor of the desire to part ways – hopefully by the end of 2022. The Town is assured through this audit that while they system did bring about operational challenges, the financial statements, fund activity, fund balances and cash balances have been confirmed. SBOA has confirmed that while there's opportunity for improved processes, the financials are free from material misstatements and there were no material errors found that could not be corrected. The SBOA has provided an unmodified opinion over the financial statements. Town Officials and Town residents can be assured that the financial information is accurate and that a process is underway to secure the services of a provider that will provide accurate and timely financial information.***

### APPROPRIATIONS

*The Town takes exception to this. The Town Hall Improvement fund is funded by conference room sponsorships and prior to 2021, rent from tenants renting out the 2<sup>nd</sup> floor of the Town Hall building for their office space. Tax dollars do not go into this fund. Due to the type of revenue that goes in the Town Hall Building fund, the Council has never approved an annual budget for this fund. This goes back through multiple administrations. However, when the money from the fund has been spent, the claims do go before Council for approval. The Ordinance that was approved to set up this fund states the money is to be used for the maintaining and/or improvement of Town Hall.*

*During a February 16, 2021 Town Council meeting, a presentation was made that outlined the planned improvements to town hall. The Town Hall Improvement Fund was identified as a source of funding for the project. At no point did Town Council take action to appropriate the fund. When reviewing years 2018 – 2021, the Town Hall Improvement Fund was neither appropriated during the normal budget process or with any additional appropriations. Disbursements that were made from the Town Hall Improvement fund in previous years include: (2018 - \$222,124.17, 2019 - \$262,985.00, 2020 - \$59,314.14, 2021 - \$205,584.67).*

### INTERNAL CONTROLS

*In March 2021 after review and approval of the Town Council, the Town of Zionsville implemented a new financial software package. Subsequent to this implementation, the Town became aware that the software firm had not developed the necessary Indiana regulatory and statutory reports. The Town has notified our current software provider of our intent to work toward ending our contract and converting to a new software provider with more experience in meeting Indiana's*



regulatory and statutory requirements. It has been and continues to be the desire of Zionsville leadership to provide an open transparent government, and we will continue to work toward that end with this software conversion.

## OVERDRAWN CASH BALANCES

**Payroll Fund** – This fund is not actually in the red. A duplicate entry was entered in the financial system and is in the process of being corrected by the Town. SBOA acknowledged that this was from a duplicate entry.

**OCDETF-Task Force** – This is a reimbursable grant. The shortage was due to the timing of receiving the reimbursement.

**Creekside Allocation Fund** – This fund receives its revenue from TIF funds that are distributed with the semi-annual settlements. We make a bond payment out of this fund in December of each year. The fall settlement is generally received the last day or two of the year. When we received the settlement, there was not a disbursement for the Creekside TIF. By the time we received the settlement, the bond payment had been made and there was not a chance to look for an alternate payment source. We are currently working with Boone County to find out why there was not a disbursement.

## BANK ACCOUNT RECONCILIATIONS

In March 2021 after review and approval of the Town Council, the Town of Zionsville implemented a new financial software package. Subsequent to this implementation, the Town became aware that the software firm had not developed the necessary Indiana regulatory and statutory reports. The Town has notified our current software provider of our intent to work toward ending our contract and converting to a new software provider with more experience in meeting Indiana's regulatory and statutory requirements. It has been and continues to be the desire of Zionsville leadership to provide an open transparent government, and we will continue to work toward that end with this software conversion.

## ERRORS ON CLAIMS

### Condition and Context

We identified numerous issues in disbursements related to a lack of supporting documentation and a lack of proper approval of disbursements as noted below:

- 1) A disbursement for \$22,062 dated December 7, 2021 was processed and paid, but had not been approved by the Town Council prior to disbursement. The disbursement did not appear on the Allowance of Accounts Payable Voucher listing for Town Council approval until December 20, 2021.

*The Town of Zionsville takes exception to this claim by SBOA. A check was made and mailed to the vendor, however, due to our strong internal control processes, staff caught this error, placed a stop payment on the check and the vendor returned the check to us. The claim was then correctly processed for the following Town Council meeting.*

*Had the Town not had the strong internal controls it has, and the payment had not been stopped, the finding would be the same.*

- 2) The Town was unable to provide supporting documentation for a disbursement dated January 29, 2021 in the amount of \$4,557.

*Staff was able to locate the supporting documentation and has submitted this to SBOA.*

- 3) A disbursement dated April 15, 2021 in the amount of \$182,374 for contractual services for construction for the park was not indicated on an Allowance of Accounts Payable Voucher listing and was not approved by the fiscal officer or the Park Board.

*In March 2021 after review and approval of the Town Council, the Town of Zionsville implemented a new financial software package. Subsequent to this implementation, the Town became aware that the software firm had not developed the necessary Indiana regulatory and statutory reports. The Town has notified our current software*

*provider of our intent to work toward ending our contract and converting to a new software provider with more experience in meeting Indiana's regulatory and statutory requirements. It has been and continues to be the desire of Zionsville leadership to provide an open transparent government, and we will continue to work toward that end with this software conversion.*

- 4) A disbursement dated April 30, 2021 in the amount of \$10,236 for car leases that was not indicated on an Allowance of Accounts Payable Voucher listing and was not approved by the fiscal officer or the Town Council.

*In March 2021 after review and approval of the Town Council, the Town of Zionsville implemented a new financial software package. Subsequent to this implementation, the Town became aware that the software firm had not developed the necessary Indiana regulatory and statutory reports. The Town has notified our current software provider of our intent to work toward ending our contract and converting to a new software provider with more experience in meeting Indiana's regulatory and statutory requirements. It has been and continues to be the desire of Zionsville leadership to provide an open transparent government, and we will continue to work toward that end with this software conversion.*

- 5) A disbursement dated April 12, 2021 in the amount of \$100,000 appeared on the Allowance of Accounts Payable Voucher listing that was approved by the fiscal officer and Town Council at an incorrect amount of \$10,000.

*The was due to human error. The vendor was not overpaid, the error in the amount of the expense only showed on the claims report given to Council. This was due to the system not pulling the claims correctly for the claims register. The register had to be created manually.*

- 6) Twelve of the 13 payroll claims tested were not approved by the fiscal officer or the Town Council. In addition, the payroll claims were not reflected on the Allowance of Accounts Payable Voucher listing.

*The Town takes exception to this. It was not Town practice to put payroll on the claims listing for Council. Further, this had not been an audit finding until our 2020 audit. During the 2020 audit, SBOA brought this to our attention and staff has added payroll to all claims presented to Council since.*

- 7) A duplicate disbursement dated July 1, 2021 in the amount of \$94,000 for Union Township of Boone County Building Corporation was recorded using JE 101580. The disbursement was not indicated on an Allowance of Accounts Payable Voucher listing and was not approved by the fiscal officer or the Town Council.

*The Town takes exception to this. When the Town makes this bond payment, a transfer of funds is made from the general bank account to the Union Township of Boone County Building Corp bank account. The payment then gets made from the Union Township account. When the above stated payment was made, it inadvertently pulled from the general bank account, not the Union Township account. The correction to this error would be to transfer the funds back to the general account from the Union Township account. A duplicate payment was NOT made. The Town still had control of the funds.*

- 8) Disbursements totaling \$82,065 were originally approved by the Town Council to be disbursed from the Town Hall Improvement fund. However, these disbursements were later moved from the Town Hall Improvement fund to the MVH fund (\$55,000) and the Cumulative Capital Development fund (\$27,065) without Town Council approval. From the \$27,065 transferred, there was \$3,238 of disbursements from the Cumulative Capital Development that were subsequently moved back to the Town Hall Improvement fund without Town Council approval.

*The administration presented the claims in question to the council, and they were unanimously approved by the Council to be paid. We have stated our desire to seek a new software provider who is more experienced in meeting Indiana's statutory and regulatory requirements, with the proper controls to automatically place items back on the claims docket for Council approval when changes like this in the fund from where the planned disbursement is being made. This situation will be corrected with the software implementation.*

- 9) Disbursements were made from the Town Hall Improvement fund totaling \$205,585 in 2021 that were for expenses related to a town hall renovation project. However, the Town Council did not approve any appropriations for this fund.

*The Town takes exception to this. The Town Hall Improvement fund is funded by conference room sponsorships and prior to 2021, rent from tenants renting out the 2<sup>nd</sup> floor of the Town Hall building for their office space. Tax dollars do not go into this fund. Due to the type of revenue that goes in the Town Hall Building fund, the Council has never approved an annual budget for this fund. This goes back through multiple administrations. However, when the money from the fund has been spent, the claims do go before Council for approval. The Ordinance that was approved to set up this fund states the money is to be used for the maintaining and/or improvement of Town Hall.*

*During a February 16, 2021 Town Council meeting, a presentation was made that outlined the planned improvements to town hall. The Town Hall Improvement Fund was identified as a source of funding for the project. At no point did Town Council take action to appropriate the fund. When reviewing years 2018 – 2021, the Town Hall Improvement Fund was neither appropriated during the normal budget process or with any additional appropriations. Disbursements that were made from the Town Hall Improvement fund in previous years include: (2018 - \$222,124.17, 2019 - \$262,985.00, 2020 - \$59,314.14, 2021 - \$205,584.67).*

## **MVH USE OF FUNDS**

*The Town of Zionsville has an annual Department of Public Works (DPW) budget of approximately \$4.5 million dollars. Distributions from the state from the Motor Vehicle Highway "account" are placed into the Town's Motor Vehicle Highway (MVH) Restricted Account, this amounts to approximately \$800,000 annually. All of these dollars are and have been spent entirely within the statutory guidelines of IC 8-14-1-5 which relate to how dollars from the state MVH account must be spent. The Town also receives property tax dollars of approximately \$2 million from the MVH property tax levy for Zionsville Town residents and these dollars are placed into the MVH non-restricted fund. In order to meet the \$4.5 operating budget for DPW, for many years the Town has supplemented revenue in the MVH non-restricted fund with Local Income Tax (LIT) dollars. During this Audit, the Town was made aware of a February 2022 memorandum from the State Board of Accounts (SBOA) recommendation to deposit LIT certified shares into the General Fund. This will provide the flexibility to pay claims that are related to the operations of DPW but also benefit the general government of the Town with these LIT dollars as we have with this payment which came from the LIT revenues within this fund. Since this memo was not released by the SBOA until February of this year, the Town will take this into consideration when adopting our 2023 budget.*

## **ELECTRONIC PAYMENTS**

A resolution has been prepared and will be presented to Town Council for their consideration.

## **PURCHASING CARD TRANSACTIONS**

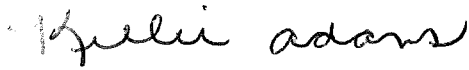
The Town recognizes the Town of Zionsville Purchasing Card Policy and Procedural Manual dated July 2020 was not followed twice. The Town acknowledges these mistakes and will continue to abide by the policy. The policy is attached to our response.

## **SUPPLEMENTAL SCHEDULES IN ANNUAL FINANCIAL REPORT**

*In March 2021 after review and approval of the Town Council, the Town of Zionsville implemented a new financial software package. Subsequent to this implementation, the Town became aware that the software firm had not developed the necessary Indiana regulatory and statutory reports. The Town has notified our current software provider of our intent to work toward ending our contract and converting to a new software provider with more experience in meeting Indiana's regulatory and statutory requirements. It has been and continues to be the desire of Zionsville leadership to provide an open transparent government, and we will continue to work toward that end with this software conversion.*

## MONTHLY AND ANNUAL ENGAGEMENT UPLOADS TO GATEWAY

*In March 2021 after review and approval of the Town Council, the Town of Zionsville implemented a new financial software package. Subsequent to this implementation, the Town became aware that the software firm had not developed the necessary Indiana regulatory and statutory reports. The Town has notified our current software provider of our intent to work toward ending our contract and converting to a new software provider with more experience in meeting Indiana's regulatory and statutory requirements. It has been and continues to be the desire of Zionsville leadership to provide an open transparent government, and we will continue to work toward that end with this software conversion.*



Kellie Adams  
Chief Financial Officer  
Town of Zionsville

*Additional documentation was provided that is not included in the response. This document will be made available to view upon request to the Indiana State Board of Accounts.*

CHIEF FINANCIAL OFFICER  
TOWN OF ZIONSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2022, with Kellie Adams, Chief Financial Officer; Emily Styron, Mayor; Julie Johns-Cole, Deputy Mayor; Jason Plunkett, President of the Town Council; Brad Burk, Vice President of the Town Council; Alexander Choi, Town Council member; Josh Garrett, Town Council member; Craig Melton, Town Council member; Bryan Traylor, Town Council member; Heather Harris, Town Council Attorney; and Amy Nooning, Town Attorney.