

WHITE RIVER TOWNSHIP BOARD MEETING  
TRUSTEE'S NOTES  
JUNE 22, 2016

ATTENDEES: Mark Messick, Greg Rainbolt, Margaret Young, David Pollard, Stephen Buschmann, Mary Sue Kane and Mary Lou Habicht

Meeting was called to order by Greg Rainbolt followed by the Pledge of Allegiance.

Greg Rainbolt: Next item on the agenda is approval of the January 5, 2016 and January 26, 2016 minutes. I would like to make that a joint approval if that is ok with my board?

Peggy Young: I make a motion to make it a joint.

Dave Pollard: Second.

Greg: Having a first and a second we will consider them as a joint motion to approve Jan. 5, 2016 and Jan. 26, 2016 WRT Board Meeting Minutes. Any discussion on the minutes?

Peggy: Yes I have Resolution 2016-01, there were 2 Yeas and 0 Nay, on Jan. 5, 2016.

Greg: Peggy Young was absent.

Peggy: Oh I did miss, ok.

Greg: Any discussion Dave?

Dave: Hang on just a minute. I'm ok.

Greg: Having no further discussion, I will ask for a vote to approve the Jan 5, 2016 and Jan. 26, 2016 WRT Board Meeting Minutes. All those in favor indicate by saying aye (all board members said Aye). We have 3 Ayes, the minutes are approved. The next order of business is White River Township Resolution 2016-02. This is a policy on Materiality and Process for Reporting Material Items and the Variance Threshold. I will open this up and let trustee Mark Messick or Mr. Buschmann...

Mark Messick: I will let Mr. Buschmann take the floor.

Stephen Buschmann: What we are doing is the result of legislation passed by the Indiana General Assembly in 2015. They set up where they require internal controls, they require materiality and then the SBA was supposed to come out with all the rules by which we are operating under. What the materiality does, which is the 1<sup>st</sup> part we are dealing with, all units of local government are required to report discrepancies of cash or of property to the SBA. If you come up missing something, you are required to make a report to the SBA. If it is theft, it does not matter what the amount is, you are required to report it to the SBA and the County Prosecutor. If it is not and it is just simply you know the books are off or you know we have a blade to a mower we can't find or something like that, you were required to report those to the SBA. Now what they have allowed is that a township board in our case or any legislative body can adopt levels that say we are only going to report it if it is over X amount of dollars. For townships the recommended numbers have been \$500 in cash or \$2000 in value of property. If you do not adopt materiality and you were to lose a pencil, you have to report that to the SBA. So that is the reason for adopting these guidelines. That doesn't mean that you don't have to fix things if the books are off by \$10, it is just that you don't have to file a report with the SBA. So what is required under this is the trustee is to prepare and sign a directive which he has recommending what those amounts are and in this case what the trustee has done is recommended the amount of \$500 for cash and \$2000 for fixed property. It is then incumbent upon the township board to adopt a resolution accepting that directive. So that is in fact what 2016-02 is. I can read it to you or just hand it to you. Essentially it would be up to the board to adopt the resolution approving that directive and you would all sign it and that is 2016-02.

Mark: I guess my question which may be the same question that you guys have, is why \$500 and why \$200?

Dave: Exactly.

Mark: Because we talked about it before of not having a threshold at all, just being zero when this first came up and as Steve explained to me, without these thresholds it could cost us more money than the \$500 or more money than the \$2000 to have the SBAs come down and do an audit of why we are missing or have a variance. An example would be if someone came in and we had the building open for a party or something and we come back and there are chairs missing. If it were zero and there was a chair missing, even if we get it back, with zero if there is a chair missing they have to come down and go thru everything that we do, how we do everything and I don't know how much they charge a hour.

Stephen Buschmann: I think they used to be \$40 a day and now it is like \$175 a day.

Mark: That is not just here, that is when they go back to their office. Our audits in the last few times have cost us right at \$700. We don't mail them a check but they take it out of our distribution of our tax deal and you can see where they take it out. So, these are Steve's recommendations and that is why I made the directive that way because Mr. Buschmann recommended we try that and he said very clearly if we have theft we have to report it no matter what.

Stephen Buschmann: Just so you know part of where this comes from. The Indiana Township Association felt that it would make sense with all of the townships to come up with some recommendations. So what we did Curt Coonrod who is counsel and I'm general counsel of the ITA, so we basically came up with the proposed forms of Materiality and Internal Controls. We submitted those to the SBAs for their review and said how do these look to you and they blessed them. So that gives you an idea of where this comes from. Now in a really big township they might have a bigger number than \$500 but for most of them that is the standard.

Dave: You said it is your responsibility to report any loss or theft.

Mark: Any time we have something stolen, material being stolen I have to report that to the sheriff and to the SBA.

Dave: This contradicts that?

Stephen Buschmann: No, basically when we first did this it did not say that but then the SBAs came out with a new directive in April saying don't forget it is zero for theft. We said do we need to amend this policy and they said no, you're fine, just know if it is theft the number is zero, if it is not theft it is any number. So this form this been blessed by the SBA with the understanding that it is zero in case of a theft.

Dave: Cash in excess of \$500, anything less than that according to this you don't have to report it.

Stephen Buschmann: Theft you do anyway.

Dave: Where does it say that?

Stephen: It does not say that here but the SBAs approved this form understanding that. There is an understanding if it is theft, you do at zero. But this is basically, I'm balancing my bank statement in the check book and it is \$20 off. What this says is I do not have to report that to the SBA.

Dave: That is not necessarily theft.

Stephen: That is a fact, but if somebody comes in and steals something, you are going to report that.

Mark: We have to by Directives.

Stephen: You have to actually by a separate state statute.

Dave: Well I'm a big dummy because there are two different applications.

Stephen: What I'm saying is we came out with this form then the SBAs came out with a follow-up directive.

Dave: I heard that.

Stephen: They said don't forget if it is theft, the number is zero. So we went back to them and said do we need to amend our form? They said no you are fine, just remember that statute.

Peggy: I think it is probably because you have in here theft of cash.

Stephen: Right that is the way we created the form originally before they came out with a follow-up but again they blessed this language even with that understanding.

Greg: Ok Mark on the Resolution, if you want to read that. I have had this; I have looked at the Township ITA manual and there is talk of an oversight committee.

Stephen: That is on the Internal Controls, that is next. That will be 03. We will do that next.

Greg: I had the resolutions backwards probably.

Mark: Has everybody read the resolution? On the copy I have here I have put a number on it of being WRT 2016-02. I will not read it if everybody has it.

Greg: I would like to make a motion to open discussion on WRT Resolution 2016-02. Do I have a second?

Peggy: I second.

Greg: I have a second, any discussion, any further discussion on this resolution?

Dave: No.

Greg: No discussion I would ask for a vote to adopt WRT Resolution 2016-02 Policy on Materiality and the Process for Reporting Material Items with Variance Thresholds included.

Peggy: I make a motion.

Greg: Peggy makes a motion for accepting the resolution. I will second it. All those in favor of WRT Resolution 2016-02 indicate by saying Aye (Peggy and Greg said Aye, David said No). We have 2 ayes and 1 Nay. The Resolution passes.

Peggy: Even though they gave you the blessing, I'm surprised you did not put an addendum or something that states that.

Stephen Buschmann: We talked about doing it but here is the problem. This particular resolution was supposed to have been adopted by Jan 1 and we are doing it now but I would suspect that three-quarters of the townships that are dealing with this have already adopted it and the question is do they now have to re-adopt a new one? SBAs said don't worry about it. So we felt from the ITA standpoint that whatever we pass out ought to be consistent so rather than to change it for the new ones because the directives came out in April and we had all kinds of people calling and saying we passed this thing do we have to redo it and all of that and so that is when we called Tyler Michael and spoke with Tyler and we basically said you tell us. If they would have said fix it, we would have.

Greg: Next order of business is WRT Resolution 2016-03, Policy on a System of Internal Accounting Control and Designation of an Oversight Committee. I will hand the floor to Mr. Buschmann again.

Stephen Buschmann: This also came out in the 2015 legislation and this is something that needs to be done by July 1, which is why we are here. Essentially what it does is there are kind of two basic things. One is the general concept that every unit of government in the State of Indiana needs to adopt a policy whereby every financial transaction that that government does 1. Is viewed by two sets of eyes. 2. That everyone who touches money has been educated in some manner in Internal Controls. I always use the example many years ago I was the head usher at church. At the end of the service the collection plate was always setting up on the altar. They would never let one person go up and pick up that plate full of cash, we always had to have two. It is not only protection for the church, it is protection for the individuals who do the transaction because with two people looking, it is kind of each is protection for the other. While most people do that anyway, the general assembly felt it should be adopted as a specific policy. So a part of this then is a trustee directive which we also have here and part of what is required in the trustee directive isn't just that we are doing this, but it is actually a diagram that shows how financial transactions take place in that specific unit of government. That diagram needs to disclose that everything that happens has two people touch it. No requirement on who the two people are. It is just two separate people. In really small townships where there is literally nothing more than a trustee and board, one of those people is going to be a board member. Anybody who has employees, it is

usually the trustee and one of the employees. The education component, the SBAs has an internal controls manual that is 70 plus pages. Normally we suggest that every government entity have a copy of that manual in the office so people can look at it if they want to. They also have a webinar. If you get on the SBAs website, go to local units, the second thing on the click in that is internal controls and right there all you have to do is a hit a thing and they play the webinar for you. It is 26 minutes. Anyone who touches money in the township has to watch that. Mark has the forms of certification that you have watched it and how much time you spent and then Mark will certify that everybody who touches money has done all that. That is all part of the Internal Controls procedure. In addition to that and part of Resolution 2016-03 is adopting that directive which will have the drawing on it and all of that and then Mark takes care of all of the certifications. The second part of that is every legislative body is to setup an oversight committee. That oversight committee can be anyplace from a single person to the whole board. I will tell you in most cases people are just putting in the whole board. The purpose of the oversight committee is not to review every financial transaction, the purpose of the oversight committee is to review the internal controls procedure to make sure that you have a system in place, to make sure it is working and if any discrepancies are going to get reported to the oversight committee and if for example we have adopted a series of internal controls and we start finding we are having a lot of mistakes, then it is the obligation of the oversight committee to recommend changes in the control system so that we don't keep having those mistakes. It is more of a policy review than it is an individual item review. But the oversight committee, any mistakes are going to be reported to them. So that is basically the resolution, one sets up and we have a blank here to put in the names of whoever you are going to use on the oversight committee and then the resolution in addition adopts the trustee's directive as to the system and the trustee's directive has the drawing that kind of shows here is how WRT is working. These forms are pretty much consistent. Everybody has different drawings because every office operates differently. So your drawing will be for you. Now the ITA has forms that have kind of given examples but that is all they are just examples. Everybody has to do a drawing as to how they work. Basically what the drawing shows and I took a look at the one Mark has and everything has two sets of eyes. You don't have a system for example where a check comes into the township where one person opens the mail, gets the check, fills out the bank statement, takes it to the bank and then looks at the bank statement and nobody else. That is not legal. Everything has to have a safety check and Mark has done all of that. So that is essentially what is required and that is pretty much what Resolution 2016-03 does.

Mark: I signed the directive already and you guys all have a copy of that. What you did not have a copy of was the diagram and that was on you table this afternoon. If you don't mind I will just go over the diagram real quick. What they are talking about here is mainly things that involve money or issuing checks. When we receive mail it is opened by the clerk and if it was a check, she would then prepare a deposit slip. That deposit slip would be given to me and I would take it to the bank and she would make copies and document it on our TOMS system so it got in the ledger. That is how we handle receipt of checks and we rarely receive a check. Invoices, there again the clerk opens the mail, receives and audits the invoice, sets up the check for payment, gives me the invoice and the check to review and approve and sign and return to the clerk for mailing. She then copies and when we say copy things we not only make a copy for our file, we copy it on our Neat system which is an electronic copy. At which time then when it is on TOMS system it goes into our ledger. So that is how we handle invoices. Bank statements, when a bank statement comes in I'm presented the bank statement. I review it for any unusual items or missing tax deposits, I give it to the clerk to be reconciled. She reconciles it and then I review the reconciliation. One of the things that we do and have always done is also give it to the board chairman after it is reconciled and Steve has suggested just to show that we have even three eyes on it that we add that to our chart and I will probably add that to the chart before I staple it to it. After we review it, it is also given to the chairman of the board. Now on Payroll, I receive and review the time sheets, I

process the payroll, I produce the checks and the payroll register. I give the copies and the documents to the clerk. She reviews the register and she distributes the checks. Once that is done, that is in the ledger also. Reports, I review all of the reports. She has the responsibility of entering the stuff on the ledger, I have the responsibility of reviewing the reports to make sure they are accurate. We have fun with it once in a while I will go hey where did this money come out of, why did it come out of this fund? She will say what are you talking about? I go that money came out of something I did not know we had and we will find out that just in entering the information we might have put the wrong line item. Not that anything was wrong with the money, we just put the wrong line item in and we correct it immediately. Greg: I can attest to the board members that I do review the monthly statements every month and expenditure and things. Mary Sue has been good to give me a call and tell me when it is done and I will come in the office.

Peggy: So the purpose is for us to review the internal control procedure. You said if there were issues we would give some kind of feedback but if you are suggesting that we don't look at anything, how can we give feedback?

Stephen Buschmann: The way the system is setup is any variations we are not talking about the 500, any variations would be reported to the oversight committee. So it is then up to the oversight committee when you are seeing variations to say is our system setup so that these don't happen. Then you can make adjustments to the system if you think it is appropriate. The concept is you know the city of Indpls., they are not going to have a 21 member city council being the oversight committee, they are going to have a small group of 2 or 3 people who will get all of this and who will make recommendations to the city council here are changes you need to adopt. In your case there are only three of you. So you could point one of you to report to the others but we are talking townships why not just make it the board and really what you are doing is making recommendations to yourself, let's fix this if there is an issue. But it is up to you guys, you can pick one of you, you can pick two of you. You could actually pick somebody who isn't on the board but normally the legislative bodies having been picking themselves. Really you are kind of making a recommendation yourself to fix it.

Greg: Mark your directive is pretty much consistent with the manual correct?

Mark: My directive was provided to me by counsel.

Peggy: There is a typo.

Mark: Where is it at?

Peggy: Second full paragraph should it be 5 components of internal control or should it be internal control?

Stephen Buschmann: Probably should be singular.

Peggy: Ok.

Stephen: Actually there is a typo, 5 components of internal control is actually in the form itself. I would say singular. Basically I used the form and re-adapted it but there is a typo in the form itself.

Greg: Is that all?

Mark: Before you do the resolution you are going to want to put the names.

Peggy: There is a typo on this one, at the very top, an of should be inverted I believe.

Stephen: You are correct.

Greg: I will open up the floor for discussion. It is my opinion that the whole board be on the oversight committee.

Peggy: I agree.

Dave: I agree.

Peggy: Do we make a motion?

Mark: I will go ahead and fill that in.

Greg: I am going to make a motion to open the WRT 2016-03 System of Internal Accounting Control and Designation of an Oversight Committee. I'm making a motion to open that resolution. Do I have a second?

Peggy: Second.

Greg: Having a first and a second I am going to ask for discussion. As we stated earlier, it is the board's opinion that the full board be the oversight committee. Is there any other discussion on this matter? Hearing no other discussion on this matter, I would like to ask for a vote. All those in favor of WRT Resolution 2016-03 System of Internal Accounting Control and Designation of an Oversight Committee all those in favor indicate by saying Aye (all board members said Aye). With three Ayes, the resolution has passed. That concludes that portion of the township business. The next order of business is Trustee business reports and requests.

Mark: The first thing I would like to report is as you all know the school had requested that they have an easement agreement with us and they have since gone a different direction so that is not something we have to be concerned with right now. They have withdrawn the request for an easement. The second thing I want to talk about is the roof. If you go outside this door right here we have had 2 rains this week and it continues to leak. Originally I said I thought we should wait until maybe next year but I don't know if we are going to be able to wait. I really think we need to establish a meeting to have a public hearing and to have an additional appropriation to replace the roof. Just to review again the bids that we received previously and I told them apples to apples because I could. Brickyard Homes and Roofing the bid to replace the roof with shingles and gutters is \$20,339.17. Kane Construction is \$29,846.00. Moss Enterprises is \$28,750.00. I have no reason to think that the quality was that different and with assurance from Brickyard Homes that they have everything covered, I think we should budget an additional appropriation for \$20,000 in order to do the roofing. That is the recommendation that I have for the board, that I would like to call a public hearing for an additional appropriation some time at your earliest convenience when all of the board members could attend and we could have a public hearing. That is just like the budget process, what it amounts to is that we are going to come in and tell the people that we are going to get more of the tax dollars that we have. The biggest problem or drawback on it is we have to have the money. We just recently got \$22,000 for a one time distribution from the State of Indiana for some monies that they had been withholding and that went into our Rainy Day Fund. This is the type of thing that they want it used for. Fortunately we just got the money and it would totally cover this without really reducing what we put into the Rainy Day Fund.

Greg: What is going to be your request?

Mark: \$20,000. The other thing that we got going on I don't want to take the amount of money we have in there for repairs and maintenance out because we are going to spend maybe in the next week or so or two months anyway. I have been babying that copier and that copier is starting to go out totally and when it goes out it is going to be anywhere from \$1500, to \$3000 depending on what we find out there that will do the job we need it to do. It is not going to be anything like you see at a lot of places where they spend \$10,000 on a copier that is not what we need. We just need a good workhorse and that one has been a good workhorse since 2006. So if we can get something comparable to it that will last 10 years somewhere in \$1500 to \$3000 we are going to spend that money. So that is why I'm not asking for less than what the quote is.

Greg: Ok. I agree that it needs to be done. That amount sounds better than the variance that we talked about earlier, there was a wide variance and now that pinpoints the amount and that satisfies me.

Peggy: Did we have any hail damage when we had the hail storm the other day or in April?

Mark: I will have the insurance adjustor come out and look at it and see if there is anything there. We have had so many hail storms since this roof has been on there that which one caused the damage? I'm going back long before me.

Peggy: I know but I don't think insurance adjustors look at it that way. There would be some depreciation.

Mark: I will have someone come out. If we get that, the nice thing about that it will automatically go back into the area it was appropriated from. That is another thing that I want to bring up with you. While Steve is here I want him to talk to you about the fact that anything less than \$50,000 that is my prerogative to do with or without bids is that correct?

Steve: I always look but I think less than \$50,000 is your prerogative, \$50,000 to \$150,000 three quotes.

Peggy: If you have the money appropriated.

Steve: You have to have the money.

Mark: The best practice is to get 3 bids and I try to always do that.

Dave: I'm surprised with the 3 bids you got, that is a pretty wide range.

Mark: Well the 4<sup>th</sup> bid was even higher. I did not bring that to you.

Dave: Are you sure that \$20,000 is going to cover it?

Mark: I'm sure...

Dave: I mean it is going to cover it because that is what he bid but are you sure we are going to get what we need?

Mark: As a matter of fact in the \$20,000 it actually includes what he calls Rhino Lining for underlayment and that is more expensive than #15 felt.

Dave: Rhino Lining that is the water and ice seal underneath it. The whole roof?

Mark: Right instead of #15 felt. It says to use #15 felt instead of Rhino lining, deduct \$119.50.

Dave: That is a lot of money.

Mark: That is who I will probably use.

Dave: Wow.

Mark: The only other business I have is to inform the board and we have worked with Mr. Buschmann on this one too, Mary Ann and I did, Mary Ann Powell has a severe health issue and is having to take time away from her office and during this time I have been appointed as the dual investigator for the township with powers to act on behalf of the Pleasant Township Trustee. I am receiving no compensation and I don't think it is hurting our performance here at WRT. I think we can handle both offices. I just wanted to make you aware that if you hear hey I was over at Pleasant Township why I'm over there. They are busier than we are but it is similar.

Greg: I have actually spoke with you on this matter also but I wasn't aware of the legality of it but you spoke to Mr. Buschmann.

Mark: I got that handled before I actually did anything. Because if there was an appeal of a decision or their checks and balances that they have to adhere to, I did not want to hold myself responsible and get my name in the paper when it would look bad on WRT.

Greg: The concern I had was keeping up with this and evidently you have been.

Mark: I did give you a report showing where we are, they look different than what they used to be but you have the budget report before you. We do have budget hearings next month and the following month we will be doing it ourselves. I did give you the annual report of everything we have done to date. We also gave you the number of people that we have been seeing and the amount of assistance that we have been giving out as well and that is pretty much all I have with the exception that while we have Mr. Buschmann here I thought I would ask him if he could tell us if there is anything coming down the pipe that we should be concerned with.

Stephen Buschmann: As far as legislation coming, nothing about getting rid of townships, that has pretty much died and they are tired of hearing it. I can't guarantee that somebody won't throw the bill in again on doing away with boards but my gut guess is if somebody throws it in it will never get a hearing. Again I think they are tired of that. So really I'm not seeing a lot going on. I know Senator Head who is head of senate government affairs has basically made it clear, don't bring me anymore of these, I'm

tired of them. Kevin Mann on the house side he kind of pushes some of those a little bit but I am not sure he is not getting tired of it too. So there is really nothing I'm particularly aware of coming up. I guarantee you it is a long session and we will see something but I don't know what it is going to be.

Mark: The thing that I heard and this comes from some of the legislators they still would like to force consolidation. If we don't do it voluntarily in some of the counties, they are going to come out and force consolidation and they don't know how they will do it. I don't have any clue how they would do it.

Steve: My guess is your size isn't what they are screaming about. The smallest township in the state I believe is still 59 people. Up in Allen County that are some half townships that are just very very small. There are a number of them less than 100. So I think that is really what they are more interested in.

Mark: Just so if you hear something, nobody has an idea but they say you guys just need to get out there and start consolidating but I don't see it happening.

Greg: Is there a process for that?

Steve: Yes there are on the books. Actually we have lost 3 now. There used to be 1008 townships and now we are down to 1005 townships with the merger process. There is on the books a provision that if the trustee and the board of any two or more adjacent townships wish to merge those townships they may do so. The merger process takes voters, this doesn't. It is just the board and the trustees all agreeing to do it and that has been on the books for a long long time. I don't know of anybody who has done it yet. In Howard County they have 9 townships and they had a merger proposal proposing basically merging into 3 that were contiguous with the school district but they never sold it, that kind of fell thru. Eagle, Union and Boone County merged with Zionsville and I think there is another one Delaware County that merged but I'm not sure about that.

Greg: Anything else? Is there a specific time frame on the appropriation?

Mark: Whenever it is most convenient at the earliest convenience for the board. I have to have 10 days to publish the notice so it can't be before 2 weeks from yesterday.

Greg: Ok that concludes any other business. I would like to make a motion to adjourn.

Dave: I second.

Greg: Having a first and a second the meeting is adjourned.