

RESOLUTION NO. 2019-1

**RESOLUTION OF THE TOWN OF MERIDIAN HILLS, INDIANA,
ADOPTING INTERNAL CONTROL STANDARDS
FOR INDIANA POLITICAL SUBDIVISIONS**

WHEREAS, I.C. §5-11-1-27 requires each political subdivision to maintain a system of internal controls in order to promote accountability and transparency; and

WHEREAS, in September 2015 pursuant to I.C. §5-11-1-27(e) the Indiana State Board of Accounts developed and published the Uniform Internal Control Standards for Indiana Political Subdivisions in order to provide the basis of common understanding to assist public sector managers in complying with the internal control requirements; and

WHEREAS, the Town of Meridian Hills, Indiana (the "Town") has developed an Internal Controls Policy that contains the acceptable minimum level of internal control standards; and

WHEREAS, pursuant to I.C. §5-11-1-27(g), after June 30, 2016, all Indiana Political Subdivisions must develop local policies regarding internal controls and insure that personnel receive training on internal controls; and

WHEREAS, the Town Council of the Town of Meridian Hills (the "Town Council") finds that the Town's policy regarding internal controls should be the internal control standards as set forth in the Town's policy attached hereto as Exhibit A; and

WHEREAS, the fiscal officer of the Town is the Clerk-Treasurer and pursuant to the Uniform Internal Control Standards for Indiana Political Subdivisions, the fiscal officer shall certify in writing that the Internal Control Standards have been adopted.


NOW THEREFORE THE TOWN COUNCIL OF THE TOWN OF MERIDIAN HILLS, INDIANA, ORDAINS AND ENACTS THE FOLLOWING:

- 1) That the above recitations are adopted as findings by the Town Council.
- 2) It is further ordered and determined that the Town hereby adopts as policy the internal control standards as set forth in Exhibit A and as amended from time to time.
- 3) It is further ordained that at the time the annual financial report is electronically filed, the Clerk-Treasurer, as fiscal officer of the Town, shall certify in writing that the Internal Control Policy has been adopted and shall certify that the personnel have been trained as required by law.
- 4) It is further ordained that this Resolution takes effect upon its adoption by the Town Council.

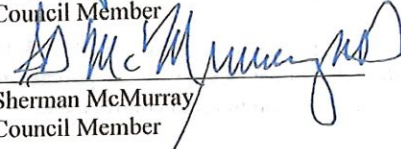
5) It is further ordained that any resolutions inconsistent or in conflict with the terms of this resolution are of no further force and effect and are specifically repealed. This resolution shall be in full force and effect immediately upon adoption as set forth herein.

DULY PASSED on this 14th day of January, 2019, by the Town Council of the Town of Meridian Hills, Marion County, Indiana.


TOWN OF MERIDIAN HILLS, INDIANA


Walter B. Freihofer
President, Town Council


Greg Jacoby
Council Member


Sherman McMurray
Council Member

ATTEST:


James Rush, Clerk-Treasurer

Town of Meridian Hills
Marion County, State of Indiana
Internal Controls Policy

Governance

The Town of Meridian Hills (the "Town") is an "included" town incorporated within the laws of Indiana. It has existed since 1937. Under this classification within the State of Indiana Code known as 'Unigov', the Town exists as a separate municipality. "Included Towns" are defined as municipalities within the city limits of a larger municipality with populations under 5,000 residents. In the case of the Town, according to the last census, it has a population of just under 2,000 residents.

The Town has its own governing body; the Town Council and the Clerk Treasurer. It is the governing body that is responsible for managing the Town. Under the General Provisions of the Town's Municipal Code that is published on the Town's website, <http://www.meridianhills.org>, the general provisions of the responsibility of the Town's governing body include:

- 1.) Public Works, including street construction, repair, maintenance, lighting, snow removal and other matters relating to the streets or land within the public rights-of-way, as well as surface water drainage to and from all public rights-of-way, all subject to compliance with the municipal code of the City of Indianapolis (the "City") and Marion County (the "County").
- 2.) Public service relating to the health, safety and well-being of its citizens, including police protection supplementing such protection available through the principal police and fire agencies of the City and County or other similar governmental agency providing such service, from time to time.
- 3.) Planning and development as such powers are reserved to the Town.

The Town Council, as well as the Clerk Treasurer, is elected in the general election and each serves a four year term. The election for the current administration occurred in November 2015 and the terms for those elected began January 2016 and will end December 2020. Candidates for the next Town Council and Clerk Treasurer will be elected in November 2020.

The Town Council has the primary responsibility for approval and adherence of the Town's Internal Controls Policy (Policy). Adherence to the ethical and statutory standards is formally required by resolution. Oversight of the Town's Policy is the responsibility of the Oversight Committee, consisting of the members of the Town Council.

A formal policy of open communication and understanding exists that any property owner may contact any member of the Town Council, Clerk Treasurer, or the Town's Legal Counsel if there are any concerns or issues regarding the Policy and the Town's finances. An outside accounting firm is retained for accounting and financial reporting. A monthly financial report is distributed to the Town Council reporting the financial condition effective on the 15th of the prior month. This date has been chosen to accommodate regular statements to be distributed in a timely manner especially the month prior to each of the six Town Council meetings per year.

EXHIBIT A

**Town of Meridian Hills, Indiana
Internal Controls Policy**

See attached

The Town is comprised of approximately 650 homes (See map in Appendix A). The majority of the Town's revenue is generated from the property taxes assessed on the Town's residences. There are no commercial properties within the Town. Additional revenue is received from the Marion County Treasurer, the Auditor of the State of Indiana, the franchise assessment from Comcast, occasional donations from residents, and reimbursement for expenses from various sources such as the Indiana Department of Transportation.

The Town has no full time employees. All payroll is directed to Town Councilors (paid quarterly), Clerk Treasurer (paid bi-monthly), Town's Marshal (paid bi-monthly), Assistant Marshal (paid bi-monthly), and part time police officers (paid hourly on a bi-monthly basis). All of those listed and any new individuals to be added to the list either has or will be required to actively listen to the Internal Controls video that has been posted by the Indiana State Board of Accounts.

In addition to the payment for service of each of the list above, the Town also is responsible for the payments of personal service contracts to the Town's Attorney (the "Attorney"), Town's Engineer, Town's Accountant (the "Accountant"), snow removal vendor, Town Arborist, Town's vendors for street repair and maintenance, public area maintenance, public utilities, police car maintenance, web page maintenance, Town's and Police IT vendors, insurance coverage and storage vendors. From time to time, the Town incurs travel expenses and postage expenses that are reimbursed to the Town's agent as incurred and documented.

Annually, the Town's budget is formulated and approved within the guidelines set forth by the Indiana Department of Local Government Finance ("DLGF"). The budget is monitored monthly and, when necessary amended through appropriate Ordinance declarations and acknowledgment by the DLGF.

The Oversight Committee meets as needed to review operations and adherence to the Policy.

Rick Assessment and Control Activities

Budgeting:

Per the guidelines that are published by the DLGF, the budgeting process begins each year with a meeting with a DLGF representative to review the maximum appropriations available for all categories within the budget. The Town's Clerk Treasurer meets with the Accountant to discuss projected needs and possible changes in the coming year's budget. The results of that process are then provided to the Town Council and key service providers for input. Once concurrence is reached, the budget enters the approval process that includes public notifications and a public hearing.

Receipts:

All Town receipts are received via direct deposit to the Town's account or via check that is received by the Clerk Treasurer. The Clerk Treasurer scans the check and enters into the Town's records and then sends a copy to the Accountant. Once deposited, the copy of the deposit slip is provided to the Accountant. The accounting of the receipts is included in the Town's financial reports.

None of the Town's receipts are retained independently nor is there a petty cash reserve that is maintained.

Bank Statements:

Monthly bank statements are mailed to the Clerk Treasurer. The Clerk Treasurer reviews and approves the statement. The monthly bank statements are available to the Accountant whose charge is to reconcile the account on a monthly basis and to provide for proper accountability to the budget. On a semi-annual basis, the Accountant shall send the reconciliation statement to all Town Officials. Copies of the banks statements and deposits are maintained in the permanent records for audit purposes by the State Board of Accounts ("SBOA").

Disbursements:

All expense invoices are directed to the Clerk Treasurer who approves them and directs the Accountant to arrange for payment. The Accountant retains a copy of each invoice that has been paid as well as the deposits that have been received. The results of these transactions are entered in the budget as it is updated and reported to the Town Council on a monthly basis.

Although the protocol for the issuance of disbursements requires only one signature per check, the Town maintains a bond equal to thirty thousand dollars (\$30,000) which is the State of Indiana's guidelines for the protection of the Town.

The Clerk Treasurer negotiates all contract services, including the Accountant, Attorney and Engineer, and prepares and obtains approval of each annual contract for the Town Council. The Town Council President acts as the Executive Officer and is charged with the responsibility to execute the contracts on behalf of the Town. Copies of all contracts are kept with the Town's Clerk Treasurer and a copy is retained with the Attorney and Accountant.

Liability insurance is renewed annually. The Town's current carrier is Government Interinsurance Exchange. The Town's Workman's Comp insurance is carried with Liberty Mutual. Both carry a rating of "AA".

Information and Communication:

Communication by the Town Council is primarily accomplished by (1) a newsletter published every other month to the Town's website, www.meridianhills.org, (2) public notices via the Indianapolis Star, (3) regularly scheduled meetings open to the public, and (4) special meetings for which public notices are published.

State Board of Accounts (SBOA) and Annual Reporting:

The Clerk Treasurer, with the assistance of the Accountant, prepares and submits the Annual 100R report (Detail of Town Employees and Wages) on-line. The attestation form must be submitted by the Clerk Treasurer.

The Accountant completes the Annual Financial Report (the "Report"). This report is submitted via the Gateway Indiana website. The Report is due by the end of February each year. Paper copies are maintained in the permanent files.

The SBOA audits the Town's financial records every two years. The Clerk Treasurer and the Accountant prepare the records as requested by the auditor. These records include record of receipts and disbursements, bank statements, copies of disbursement checks, general ledger, invoices, contracts Town Council meeting minutes and any additional requested materials. The Clerk Treasurer and the Accountant meet with the SBOA auditor for the field work. The results of the audit are shared with the Town Council. Recommendations from the audit are reviewed and implemented as required.

Town Council and the President of the Town Council

The Town Council has an oversight role for all of the Town's operations. The Town Council reviews the financial reports, approves the annual budget, reviews and approves the service contracts, reviews annually the Conflict of Interest and Nepotism Policy and Town's Policy (as defined herein). Minutes of the Town Council's meetings are prepared with the assistance of the Attorney and published on the Town's website for the residents review.