

**Winona Lake Town Council
Meeting Minutes
September 12, 2023**

The Town Council of Winona Lake, Indiana met in a special session on Tuesday, September 12, 2023 at 6:00 p.m.

COUNCIL MEMBERS PRESENT: Rick Swaim, James Lancaster, Austin Reynolds, and Ashley McGinnis

COUNCIL MEMBERS PRESENT (ZOOM):

ABSENT: Heather James, and Laurie Renier

OTHERS PRESENT: Craig Allebach

OTHERS PRESENT (ZOOM):

Opening –

Baker Tilly Agreement

- Rick said we are here to have an appendix to an engagement letter with financial consultant agreement with Baker Tilly. Craig shared a copy of the original agreement from 2021. Craig said the agreement (inaudible) and then every year Baker Tilly sends us stuff and this year we're still on board, and as a result of a conference call with Dan and Paige the other day, they put together this appendix to this particular letter.
- Dan Hedden, partner of Baker Tilly, municipal advisors, said he leads a team that focuses on compliance, reporting, and operations, which is the top part of your cube in internal controls. Their areas of support really revolve around what happens inside your walls. When working on things like your budget, financial planning, capital projects, or financing through debt, his team really focuses on all the infrastructure behind that to help with the day-to-day operations. They are very familiar with the community and Keystone, which is the software you use. They are also familiar and have a very effective technique on how to reconcile that data. He said he has known for awhile that you've had some challenges with keeping the data current, getting it current, and falling behind. He and his team have been aware of it, but his team doesn't always have the capacity to get to people when they need them. In this circumstance, the stars are lining up. His team has a window of time to help. He said they reached out to Paige, got on the phone with Craig to go over this, and they are asking to participate in this project and get you current. He said his understanding is that you are current through December of 2022, so we need to focus on January through, the agreement says August, but we realize that means current, and then to be a resource to you as long as the project is meeting your expectations, to keep you current. He said we know that next year is a different year, and you'll have a different situation, and our role may evolve more towards training or advisory versus doing reconciliation work. He said we've done this exact project all over the state, you are not alone in this circumstance that you're in. There are many communities throughout

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the state that have similar issues and we've helped many of them. Our technique is we pull the data completely out of the accounting system and we reconcile it through databases. We compare that to your banking transactions, which we try to (inaudible) in the databases. He said he has a team that does receipt proofs and disbursement proofs and it's a very simple process. If something happens in your ledger and we can find it at the bank, it reconciles, but as we go through that process there's always things that doesn't match up and in the first pass we just simply list it and that unadjusted list becomes the size of the problem that we deal with. Typically what we find is that the reconciling items are going to be related to payroll, NSF's, credit cards, and quite frankly they usually come back to humans, where we try to make a correction, maybe do it the wrong way, try to fix our correction, doesn't necessarily solve the problem, and it just kind of snowballs on itself. The technique isolates all of that. Once we have the raw data, we look at those data for the common points and we, what we call bucketing, we bucket it together. So if there's 100 items and 50 of them are related to payroll, we'll put that into a bucket and see what it nets out to, make some decisions about what to do, (inaudible) and help to get those things into your accounting system. The challenge for these projects is we've got to have a local tour guide, and I don't need anyone to tell me how transactions should work, or how Keystone should work. We know what reports we need, but when stuff happens, there's usually a story behind it, and we need somebody that can help us with that story if it's not evident (inaudible)

Craig said that we're in, like you said. I feel pretty confident that, quite frankly, she will work with Baker Tilly. Dan said, and we appreciate that, and I think we've really hard over the years to really be a resource to everyone because we know that everyone comes at, you know from a different position from, and our job is really to work for the public. Everything I've just discussed is in this engagement letter, just in more of a readable format. The results that we'll give you, we've got a couple things that are unique to this project. One is we want to get you your June financial data so you can get your budget done. You touched on that before the meeting started. So to get your June reconciliation so you can get your budget submitted and not have any adverse experience with the 2024 DLGF budget. So, that's one deliverable and the second deliverable would be the final report, where we will show you the list of reconciling items, what was done to correct those items and the documentation behind that. At some point, somebody is going to have to sit in front of a computer and input this information. That really shouldn't be us because you know, we're not management but we can do everything short of typing. So, we'll get it all ready, we'll explain it, we'll work with your clerk treasurer to get it in the system, validate that once it's in and updated that it ties back to our control totals and carry that through to completion. Craig said, yeh, and I think a lot of the budget stuff, what has already been uploaded, short of the six month reconciliation, and I think that, I guess Laurie can upload that, and I think Paige has some uploading capabilities. Dan said, she does. She has limited delegation of authority with editor rights. Craig said, and so the proposal is for 100 hours at \$25,000, and if they get to a point where it exceeds that, then you'll be back to see us again. Dan said that's true, so I want to explain a little bit about how the budget works. When we go into a situation, we know from experience what it takes to reconcile a month of data for a community this size once we get the data out. So our there is an allowance in our budget for us to get the data the way we want it,

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for us to go through each month, for my review and my teams review, and writing up our findings. I feel like the budget that we've given you is a good proxy for what it's going to cost. If we get done early you can repurpose it for other things. If we get into it and it's something more sinister, related to like credit cards which is usually what gives us the most challenge of reconciling. If we run into where there's a really significant issue, we'll let you know and we'll have a pretty good feel early on of what it's going to look like so we'll reach out to you in advance but I do feel confident. We've done this enough, we know what works. Rick said well I appreciate the fact that if you don't need the full amount that we would be able to use that for other needs. That's awesome. Ashley said maybe you don't know anything about it, but I was wondering if you know what happened when Yvonne was working on this back in March. Dan said I don't, and I didn't come prepared for that. The way that I will attempt to answer it is with some comments that I've already made. My team is a little bit different. We specialize in this work but we are in demand, so the techniques that we use are really database driven, outside the system. Yvonne's work, typically where we're a couple months behind, they will attempt to do the reconciliations within Keystone, and sometimes that can slow them down. I should say that our goal here is that when we're done you would resume your reconciliations in Keystone but with current data. I don't know if that answers your question, it probably doesn't. I can get you a better answer just not right now. Ashley said I just know that she was working on them and then something happened. Dan said well she retired, for one thing. Ashley said when I'm looking at it here, it says discussed status of bank recs and then the next thing says phone call with Suzy Bass to discuss the bank recs because then the story we got from Laurie a few months back was Baker Tilly didn't in fact finish the 2022 bank rec, Suzy Bass did, but we didn't know that when we paid the invoices, these invoices, back in April. She didn't tell us that, she told us that they were done. That's why I was just confused as to what transpired because that's been really unclear. Dan said I will get a more clear accounting of that for you. I do know Suzy. We've worked with her for years in different places and obviously we know Yvonne, and Jeff Row and Paige would have been involved, so I will do some interviews. That's not something that I know a tremendous amount about. In hindsight I wish I would have asked before I came out. Ashley said not that what will happen, but I just don't want to see these kinds of things going on again, where we have paid for something that we didn't get the full story on and now that we've heard some of this stuff and had the bill come through for Suzy Bass, and I know this isn't related to you specifically. It's obviously a council issue but that's just something I didn't know if you had more information on because I don't want to see us get into that place again. Dan said, I don't but part of our service delivery, as outlined in this engagement letter, is that we are going to start with that last reconciliation, which means that we do need to prove out that the outstanding checklist, deposit in transit list, and all of those items are indeed accurate because if not, we'll have to deal with them in our engagement. Craig said, from December? Well Laurie just sent that reconciliation file out today and we'll send that. Ashley said I had asked her for that. I didn't understand that, looking at it, but I don't really know what I'm looking at. I've never really seen one before but I just wanted to know if it balanced, so that we had a good place to start. She stated that December is still considered a work in progress because there are many errors of process, and I don't really

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understand what that means. Dan said typically that means that there are still unposted reconciling items. Unknown speaker (inaudible) because of the audit, is what she means. She says that the State Board of Accounts is aware of this. Craig said and the only other thing is we were trying to get a financial statement by the end of February, for the AFR, which we did. Rick asked are there any other questions for Dan. Ashley said I don't have a question for Dan I guess, it's just (inaudible) the contract and the amount for the contract, we are at budget for these services, so I know we've talked about doing the additional appropriation for these services. Craig said, yes, I'm in contact with Paige. I have already sent her the appropriations report. There are, as we go further in the year, there are appropriations that have run out of money, and specifically legal services, contractual services, and so we're going to work to appropriate that money, and then there's some other accounts. I know, maybe Tuesday night, the street department wants to transfer money, but within funds so but you just want the council to know what's going on because they have a big bucket of money in a couple accounts and then no money in another account. I'm not sure that we couldn't do it without but I think we need to at least let you know what it is we're doing and what will be transferred. But I think the two (inaudible) are legal services and that, and as we work through to the end of the year, hopefully we'll get the Miller Sunset fund report, the right number on Tuesday night on an addendum and then that will free up that money where we can start to expend money out of that account. Right now we have to spend money out of different appropriations in order to pay for Miller Sunset costs. Ashley said now it was the (inaudible) that they were going to clean all of that up and put it all in that fund, starting in January of this year, right? Craig said I don't recall that. I don't know if they're going to start like, once the money goes in, how far they're going to go back because I think there's around \$120,000 in that fund. If we just start from where we're at now, it could use up, I don't know if it'd use up all of that, but I think we need a better budget for that. I think the one we have now is just a catch all, maybe. It's \$450,000 but if we only have \$120,000, we're only going to spend \$120,000. What I'd like to do as we go through the budget process, is get with Paige and the office too, and if they could provide us with monthly costs based on the ice rink, like for example what it costs for operations, and what it costs for all the help. So, take like, two payrolls from last year and use those numbers. If we can do that, I'm thinking we'll be well below that \$450,000. Unknown speaker (inaudible). Craig said I have no idea but it's going to be three, maybe less than that. And we will start to get a little more revenue. We still have a couple things we need to bill out. We need to get that piece figured out to do. Rick asked for any further questions for Dan. Hearing none, he asked for a motion to accept the appendix for the engagement letter for \$25,000 for Baker Tilly. Jim made a motion. Austin seconded. The motion passed unanimously.

Recording stopped at 6:20 p.m.

RICK SWAIM
PRESIDENT

ABSENT
LAURIE RENIER
CLERK-TREASURER