

RESOLUTION NO. 2026-3

**A RESOLUTION OF THE BOARD OF TRUSTEES OF JENNINGS NORTHWEST REGIONAL UTILITIES (JNRU) ESTABLISHING A MATERIALITY THRESHOLD FOR REPORTING IRREGULAR VARIANCES, LOSSES, SHORTAGES, AND THEFTS**

**WHEREAS**, Indiana Code § 5-11-1-27(j) requires all political subdivisions to report all erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property to the State Board of Accounts (SBOA); and

**WHEREAS**, State Examiner Directive 2015-6 requires each political subdivision to establish its own policy determining a materiality threshold at which point such variances, losses, shortages, or thefts must be reported; and

**WHEREAS**, the Board of Trustees of Jennings Northwest Regional Utilities (JNRU) recognizes that minor, non-systemic variances occur in the normal course of business and that reporting every immaterial variance places an undue administrative burden on both JNRU and the State; and

**WHEREAS**, the Board of Trustees wishes to establish clear guidelines for the Utilities Manager and staff regarding internal documentation and external reporting requirements;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of Jennings Northwest Regional Utilities, Jennings County, Indiana, as follows:

**SECTION 1: Materiality Thresholds Established.** JNRU hereby establishes the following materiality thresholds for the purpose of reporting irregular variances, losses, shortages, or thefts to the State Board of Accounts:

1. **Cash Funds:** Any irregular variance, loss, shortage, or theft of cash (including, but not limited to, the cash drawer or petty cash) that equals or exceeds **\$100.00**.
2. **Other Assets/Property:** Any irregular variance, loss, shortage, or theft of non-cash physical assets, tools, equipment, or property where the estimated fair market value equals or exceeds **\$500.00**.

**SECTION 2: Reporting Requirement.** If a variance, loss, shortage, or theft meets or exceeds the thresholds established in Section 1, the Utilities Manager shall immediately report the incident to the JNRU Board of Trustees and to the State Board of Accounts in accordance with SBOA guidelines.

**SECTION 3: Internal Documentation.** Any variance, loss, shortage, or theft that falls *below* the established materiality thresholds shall be investigated internally by the Utilities

Manager. A detailed log of all such immaterial incidents shall be maintained internally for audit purposes and presented to the Board of Trustees upon request.

**SECTION 4: Misappropriation Exception.** Notwithstanding the thresholds established in Section 1, Indiana Code § 5-11-1-27(l) dictates that there is no materiality threshold for the actual or suspected misappropriation of public funds or property by a public official or employee. If there is reasonable cause to believe that a misappropriation has occurred, the Utilities Manager or Board President shall immediately report the incident in writing to the State Board of Accounts and the Jennings County Prosecuting Attorney, regardless of the dollar amount involved.

**SECTION 5: Effective Date.** This Resolution shall be in full force and effect from and after its passage by the Board of Trustees.

**ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2026, by the Board of Trustees of Jennings Northwest Regional Utilities.

**JNRU BOARD OF TRUSTEES:**

\_\_\_\_\_  
Brian Hatfield, President

*Brian Hatfield*

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Marshall Jenkins, Vice President

*Marshall Jenkins*

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Mike Gerth, Secretary/Treasurer

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Dale Boyd, Board Member

*Dale Boyd*

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Judi Johnson-Stevens, Board Member

*Judi Johnson-Stevens*

**ATTEST:**

*Mike Gerth*

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Mike Gerth, Secretary