



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Dave Wickett, Chair
Village of Verdigre Board of Trustees
P.O. Box 330
301 South Main Street
Verdigre, NE 68783

Dear Mr. Wickett:

As you are aware, in October 2012, the Auditor of Public Accounts (APA) was contacted by James Meuret, an attorney hired by the Village of Verdigre (Village), who asked for our assistance in reviewing possible irregularities in the Village's Housing Rehabilitation Program (Program). The Village was concerned that a former Village Clerk, Alisha Bartling, received two loans from the program that she did not handle properly.

The current members of the Village's Board of Trustees are as follows:

Dave Wickett, Chair	Tim Bartling Chris Harmon	Delores Ruzicka Joan Vakoc
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Board member Tim Bartling is Alisha Bartling's husband; he was elected to the Board and sworn in on December 10, 2012. Alisha Bartling served as the Village Clerk from approximately July 2003 through August 2011. After August 2011, she performed some part-time duties for the Village and received her final part-time paycheck in April 2012.

The Village provided the following information on two Program loans made to Alisha and Tim Bartling:

Loan Number	Approved by Housing Board	Approved by Village Board	Amount Approved	Amount Received	Description
N/A	N/A	4/5/2004	\$15,980.00	\$18,012.25	Housing loan to Tim and Alisha Bartling
2-2007B	3/5/2007	3/5/2007	\$12,000.00	\$10,450.00	Business loan to Tim Bartling/4B's Lawn Care

The original source of the Program loan money distributed by the Village was the Nebraska Department of Economic Development (NDED), which provided the Village with Community Development Block Grant (CDGB) funds. Currently, income generated through the repayment of Program loans and interest is used to continue the Program.

In 2002, the Village adopted the Housing Rehabilitation Program Guidelines (Guidelines), in which the stated goal is "to assist the low-income persons of this Village in improving the health and safety of their living conditions through housing rehabilitation." Another Program goal is to increase the number of good, habitable dwelling units and improve the housing stock by providing low-interest loans to homeowners to rehabilitate their housing units.

In general, the Guidelines include the following steps in the loan application process:

- 1) **Application:** Applicants complete information regarding family size and composition, income, legal description of property, and net worth statement.

- 2) **Preliminary Inspection:** Housing specialist conducts the preliminary inspection and obtains other information necessary to complete the application and complete the work write-up.
- 3) **Approval or Non-approval:** Complete application is scored using the priority point system. The project is approved or disapproved by the Village Council based on the recommendation of the Village Housing Rehabilitation Board.
- 4) **Project Write-up, Bidding, and Acceptance of Bid:** Once a project has been approved for funding, a write-up of the project is agreed upon, at least two bids are obtained for the work and a bid is accepted.
- 5) **Loan Agreement:** Village enters into a loan agreement with the applicant. At this time, all necessary liens are filed.
- 6) **Contract with Contractor, Notice to Proceed, Work Performed, and Inspections:** A contract is entered between the applicant and the contractor, the Village issues a notice to proceed, work is performed, and necessary inspections are completed.
- 7) **Monthly Pay Requests:** Pay requests from the contractor are filed by the applicant with the Village by the 20th of each month. The Village issues the check jointly to the applicant and the contractor.
- 8) **Final Inspection, Pay Request and Payment:** A final inspection is completed, the final pay request is filed, and final payment is made.

The Program was intended to be operated by the Village through its Verdigre Housing Rehabilitation Board (VHRB), which created the Guidelines. According to its By-Laws, dated October 7, 2002, the VHRB “shall be comprised of six (6) members who are residents of Verdigre. Members shall be appointed by the Village Chairperson and confirmed by the Village for 5-year terms staggered so that term shall expire on the December meeting of each year. The administrative staff shall serve as ex-officio members of the board.” Currently, there are only four members of the VHRB:

Ted Haverkamp, Chairman
Glenna Pavlik,

Kenneth Pavlik
Kenneth Peed

According to Ted Haverkamp, the Village Clerk was responsible for the processing of the Program loan applications. Therefore, whenever Alisha Bartling presented an application for the VHRB’s approval, it was understood that, in her capacity as the Village Clerk, she had verified that the project and its applicant had met the eligibility criteria in the Guidelines, including income and property requirements, or the Minimum Housing Standards issued by the NDED.

After approving a loan, the VHRB would forward its recommendation to the Village Board, which generally approved the loan based on that recommendation. Once the loan agreement was entered with the applicant, it was Alisha Bartling’s duty, as the Village Clerk, to provide the Village Attorney with all applicable loan information for the preparation of contract documents, such as the Promissory Note, Deed of Trust, and Amortization Schedules. As the Village Clerk, Alisha Bartling was also responsible for filing the Deeds of Trust with the County Register of Deeds.

Because of its relatively small size, the Village does not presently employ a Village Clerk and a Village Treasurer. Instead, the Village Clerk performs the duties of both positions. As the Village Clerk, therefore, Alisha Bartling also had sole authority to sign and issue checks for all Program loans. Although two signatures had been required on the checks, the Village Board authorized Alisha Bartling to use the Board Chairman’s signature stamp – a grant of authority that she exercised without proper oversight.

Finally, Alisha Bartling’s duties as the Village Clerk included keeping a true and correct record of all Program loan payments. In doing so, she was responsible for maintaining and ensuring the accuracy of the Village accounting records in which all loan payments were to be entered. The Village uses the

QuickBooks accounting software for its accounting records. Those records provide the only reliable documentation of the Program loans awarded and the outstanding amounts owed on them.

Considering all the above, it is clear that in her capacity as the Village Clerk, Alisha Bartling was solely responsible for carrying out many essential administrative duties for the Program, especially those pertaining to the management of and accounting for the actual loan funds.

The APA reviewed the Program loan information of Tim and Alisha Bartling from October 2003 through September 2012. October 2003 is the beginning of the fiscal year in which the Bartlings received their first Program loan. Several issues identified with Alisha Bartling’s handling of these loans will be detailed later in this letter.

The APA also obtained additional information regarding the Village’s finances, including documentation for: 1) Alisha Bartling’s salary; 2) any payments made to Tim and Alisha Bartling or 4B’s Lawn Care; 3) all Village credit card bills; 4) Tim and Alisha Bartling’s utility bills and payments; and 5) loan information for Tim Bartling’s brother, Jeff Bartling, who also received a housing loan.

The information provided to the APA has given rise to the following issues:

1. Tim and Alisha Bartling Housing Loan

In April 2004, Tim and Alisha Bartling received their first reimbursement under the Program. During the two-year period between April 2004 and April 2006, they received \$18,012.25 for housing rehabilitation. A summary of the housing loan payments made by the Village to Tim and Alisha Bartling follows:

Type	Date	Num	Name	Memo	Amount	Balance	Description
Check	4/14/2004	333	Tim and Alisha Bartling	Menards Bill for Bartling loan	\$ 330.00	\$ 330.00	Check was not included in QuickBooks
Check	4/21/2004	334	Tim and Alisha Bartling	Menards Bill Housing energy loan	\$ 164.71	\$ 494.71	Check was not included in QuickBooks
Check	4/26/2004	335	Tim and Alisha Bartling	Menards - Bartling loan	\$ 355.37	\$ 850.08	Check was not included in QuickBooks
Check	04/29/2004	336	Tim Bartling	Reimbursement	\$ 30.90	\$ 880.98	
Check	05/10/2004	337	Tim Bartling	Reimbursement	\$ 100.00	\$ 980.98	
Check	05/12/2004	338	Tim Bartling	Reimbursement	\$ 150.00	\$1,130.98	
Check	5/24/2004	340	Tim and Alisha Bartling	Housing Loan Reimbursement Carhart's Bill - Wayne, NE	\$4,500.00	\$5,630.98	Check was not included in QuickBooks
Check	5/28/2004	341	Tim and Alisha Bartling	Housing Loan - Menards Bill	\$1,800.00	\$7,430.98	Check was not included in QuickBooks
Check	06/02/2004	342	Tim Bartling	Reimbursement	\$ 200.00	\$7,630.98	
Check	06/29/2004	343	Tim Bartling	Reimbursement	\$ 120.00	\$7,750.98	
Check	06/29/2004	344	Tim Bartling	Reimbursement	\$ 54.00	\$7,804.98	
Check	07/28/2004	347	Jedlicka's Hardware Hank	bartling loan	\$ 32.69	\$7,837.67	
Check	08/16/2004	348	Tim Bartling	Reimbursement	\$ 150.00	\$7,987.67	
Check	08/19/2004	349	Michael S. McManigal	bartling loan	\$3,978.53	\$11,966.20	
Check	09/21/2004	351	Tim Bartling	Reimbursement	\$ 472.65	\$12,438.85	
Check	10/22/2004	353	Tim Bartling	Reimbursement	\$ 200.00	\$ 12,638.85	
Check	10/22/2004	354	Tim and Alisha Bartling	Loan for house improvements Carhart/Menards reimburse	\$ 225.00	\$ 12,863.85	Check was not included in QuickBooks
Check	02/18/2005	358	Adams Electric	Deposit	\$ 305.05	\$ 13,168.90	
Check	04/19/2005	363	Michael S. McManigal	bartling loan	\$1,715.00	\$ 14,883.90	

Type	Date	Num	Name	Memo	Amount	Balance	Description
Check	05/23/2005	365	Tim Bartling	Reimbursement	\$ 555.50	\$ 15,439.40	
Check	10/05/2005	368	Corey Horstmann Construction	drywall/texture	\$ 536.81	\$ 15,976.21	
Check	10/05/2005	369	Tim Bartling	reimbursement- Menards	\$ 245.60	\$ 16,221.81	
Check	10/4/2005		Tim and Alisha Bartling	Paint and carpet reimbursement	\$ 477.60	\$ 16,699.41	Check was not included in QuickBooks
Check	10/07/2005	370	Roger Ronspies	lay carpet-labor	\$ 100.00	\$ 16,799.41	
Check	11/22/2005	371	Tim Bartling	nores carpet	\$ 346.07	\$ 17,145.48	
Check	12/12/2005	372	Adams Electric	Wiring	\$ 460.90	\$ 17,606.38	
Check	4/18/2006	375	Tim and Alisha Bartling	housing loan/ bathroom bedroom	\$ 405.87	\$ 18,012.25	Check was not included in QuickBooks
TOTAL PAYMENTS MADE TO TIM AND ALISHA BARTLING					\$18,012.25	\$18,012.25	
Deposit	05/13/2008			Deposit	\$(100.00)	\$ 17,912.25	
Deposit	01/28/2009			Deposit	\$ (25.00)	\$ 17,887.25	
Deposit	03/06/2009			Deposit	\$(100.00)	\$ 17,787.25	
Deposit	08/17/2009			Deposit	\$(100.00)	\$ 17,687.25	
Deposit	12/20/2011			Deposit	\$ (75.00)	\$ 17,612.25	
Deposit	07/11/2012			Deposit	\$ (50.00)	\$ 17,562.25	
Deposit	10/04/2012	3646		Deposit	\$ (50.00)	\$ 17,512.25	
TOTAL LOAN REPAYMENTS RECEIVED					\$500.00		
Total Owed by Tim and Alisha Bartling					\$17,512.25	\$ 17,512.25	

Note: Of the \$18,012.25 paid to the Bartlings, \$8,258.55 was not properly recorded in the Village's accounting system. See the pink-shaded transactions. (These pink-shaded transactions were derived from the bank statements, while the white transactions came from the accounting records.)

At its April 5, 2004, meeting, the Village Board approved, on the recommendation of the VHRB, the Program housing loan for Tim and Alisha Bartling; however, the approved loan amount was only \$15,980, not the \$18,012.25 that the Bartlings actually received. It is evident, therefore, that Alisha Bartling – who as pointed out already, was responsible, in her capacity as the Village Clerk, for signing and issuing loan checks and accounting for all Program payments – wrote checks to herself and her husband for more than \$2,000 in excess of the approved loan amount. In the 6 years since the promissory note was signed in October 2006, the Bartlings have paid back only \$500 of the total amount received, leaving a significantly delinquent balance of \$17,512.25.

As reflected in the above loan payment summary table, Alisha Bartling did not record in the Village's accounting system \$8,258.55 of the \$18,012.25 in Program housing loans that she and her husband received. Because the Village's accounting records provide the only reliable documentation for the Program loans awarded and the outstanding amounts owed on them, the failure to enter the appropriate loan amounts resulted in more than \$8,000 of her total loan obligation being effectively eradicated.

Additionally, Alisha Bartling withheld from the Village Attorney information about her Program loan until October 2006, some two and-a-half years after writing the first loan check to herself. At that time, the Village Attorney prepared the loan documents, including a Promissory Note, Deed of Trust, and Acknowledgment of Deed of Trust. The promissory note prepared by the Village Attorney was for the approved amount of \$15,980, even though Alisha Bartling had already written checks totaling \$18,012.25 on the loan. The Village Attorney also had no record of an Amortization Schedule for this Bartling housing loan.

Furthermore, according to the Knox County Register of Deeds, Joann Fischer, no Deed of Trust was recorded on the property of Tim and Alisha Bartling as security for their Program housing loan. Despite being responsible, as pointed out already, for filing Deeds of Trust for all Program loans, Alisha Bartling

made no such filing for her own loan. Thus, contrary to standard procedure, no lien currently exists on the Bartlings' property as a result of the Program loan from the Village.

The APA obtained the Village's documentation for the Program housing loan payments to Tim and Alisha Bartling. That documentation, which supports reimbursements to the Bartlings totaling more than \$9,000, includes some questionable expenses, such as:

- Check # 337, dated May 10, 2004, to Tim and Alisha Bartling for \$100. The memo line of the cancelled check indicated the payment was reimbursement for the labor expense of Tom McManigal, Alisha Bartling's uncle. There was no documentation to support the expense.
- Check # 338, dated May 12, 2004, to Tim and Alisha Bartling for \$150. The memo line of this cancelled check also indicated the payment was reimbursement for labor expense. The Village provided a copy of a check written from the personal bank account of Alisha Bartling to Kory McManigal, her brother. Check # 338 was referenced on this documentation.
- Check # 349, dated August 19, 2004, to Shad McManigal for \$3,978.53. The check was listed as a reimbursement for a Carhart Lumber bill for the Bartling housing loan. Mike "Shad" McManigal is listed as the manager of the Carhart Lumber Company in Wayne, Nebraska, and is Alisha Bartling's brother.
- Check # 363, dated April 19, 2005, to Shad McManigal for \$1,715. There was no documentation indicating the purpose of this reimbursement.
- The APA also noted miscellaneous expenditures on the receipts provided for this housing loan that were not for eligible housing loan rehabilitation expenses, such as miscellaneous candy, a fishing box, chairs, OFF brand skintastic insect repellent, citronella candles, spirited marinades, a grill cleaner, a dog stop bark collar, a grill cover, outdoor Polynesian torches, candles, a sandbox and pool, and chair cushions.

Section 1.1 of the Guidelines addresses applicant eligibility, stating:

"No member of the governing body and no other official, employee, or agent member of their immediate family, of the Village of Verdigre who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the Housing Rehabilitation program shall directly or indirectly benefit from this program, unless the NDED has granted written exception to that member."

Alisha Bartling was both the Village Clerk and, by virtue of that position, the sole administrator of Program loans. Therefore, according to the Guidelines, neither she nor her husband was eligible to receive funds under the Program.

No less important, Alisha Bartling's actions in this matter give rise to concerns regarding possible violations of State statute. To start, writing Program loan checks to herself far in excess of the approved loan amount, as well as not properly recording those loan disbursements in the Village's accounting records – thereby effectively precluding repayment – may constitute "theft by deception," as designated by Neb. Rev. Stat. 28-512 (Reissue 2008). That statute provides, in relevant part:

"A person commits theft if he obtains property of another by deception. A person deceives if he intentionally . . . (3) Fails to correct a false impression which the deceiver previously created or reinforced, or which the deceiver knows to be influencing another to whom he stands in a fiduciary or confidential relationship . . ."

Similarly, Alisha Bartling may have run afoul of the Nebraska Political Accountability and Disclosure Act, which is set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,141 (Reissue 2010, Cum. Supp. 2012). Section 49-14,101.01(1) of the Act provides:

"A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated."

Subsection (2) of that same statute says:

"A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain."

Section 49-1442 defines a "public employee" as "an employee of the state or a political subdivision thereof." Alisha Bartling clearly falls within that definition.

Another concern is Neb. Rev. Stat. § 28-901 (Reissue 2008), which prohibits obstructing government operations. That statute states:

"A person commits the offense of obstructing government operations if he intentionally obstructs, impairs, or perverts the administration of law or other governmental functions by force, violence, physical interference or obstacle, breach of official duty, or any other unlawful act, except that this section does not apply to flight by a person charged with crime, refusal to submit to arrest, failure to perform a legal duty other than an official duty, or any other means of avoiding compliance with law without affirmative interference with governmental functions."

Writing checks to herself in excess of the authorized loan amount, as well as failing to record her own loan amounts in the Village's accounting records and withholding relevant loan documentation from the Village Attorney, would appear to constitute a breach of Alisha Bartling's official duty as the Village Clerk. Such activity would also be likely, it could be argued, to obstruct, impair, or pervert an important governmental function – namely, in this case, the management and collection of her own Program loan.

Finally, Neb. Rev. Stat. § 28-911(1) (Reissue 2008) prohibits the abuse of public records, stating:

"A person commits abuse of public records, if . . . (d) He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record."

Subsection (2) of that same statute defines a "public record" to include "all official books, papers, or records created, received, or used by or in any governmental office or agency."

As the Village Clerk, Alisha Bartling was charged with maintaining the accuracy of the Village accounting records in which all loan payments were to be entered. By failing to record her own Program loan information correctly, she virtually ensured the falsity of those documents.

Due to the APA's concerns regarding the possible legal implications of Alisha Bartling's handling of the Program housing loan that she and her husband received from the Village, as well as the significant amount of the delinquent loan, we are forwarding this issue to both the Nebraska Accountability and Disclosure Commission and the Knox County Attorney.

We recommend the Village Board contact the Knox County Attorney in order to take immediate action regarding any possible legal implications of Alisha Bartling's handling of the Program housing loan that she and her husband received. Consideration should be given, moreover, to protecting the interests of the Village with regard to that unsecured, ineligible loan – including, among other things, obtaining a lien on the property for which

the loan was obtained. Additionally, we are forwarding this matter to the Accountability and Disclosure Commission for possible further review.

2. Tim and Alisha Bartling Business Loan

Tim Bartling signed a Commercial Loan Program Application on March 5, 2007, which indicated the proposed use of the funds was to start a small, seasonal business that consisted of herbicide, pesticide, and fertilizer applications within Verdigre and the surrounding area. The loan funds would be used to purchase equipment, supplies, and other needed items. The application listed collateral as three vehicles, their home, a boat, and a camper.

That same day, both the VHRB and the Village Board met and approved the loan for \$12,000. A summary of the loan payments, as obtained from the cancelled checks on the bank statement for the business loan checking account ending in 194, is as follows:

Date	Ck #	Name	Memo	Amount	Notes
3/8/2007	1049	4 B's Lawn Care/Tim Bartling	Business loan – reimburse	\$ 300.00	Check is not recorded in QuickBooks.
3/20/2007	1050	4 B's Lawn Care	loan - reimburse	\$ 1,000.00	Check is not recorded in QuickBooks.
3/28/2007	1051	4 B's Lawn Care/Tim Bartling	Reimburse loan	\$ 2,000.00	Check is not recorded in QuickBooks.
4/3/2007	1052	Tim Bartling	business reimburse	\$ 450.00	Check is not recorded in QuickBooks.
4/23/2007	1053	Tim Bartling/4 B's Lawn Care	reimburse fertilizer	\$ 500.00	Check is not recorded in QuickBooks.
4/23/2007	1054	Tim Bartling/4 B's Lawn Care	reimburse sprayer	\$ 1,500.00	Check is not recorded in QuickBooks.
5/2/2007	1055	Tim Bartling/4 B's Lawn Care	Bartling reimburse	\$ 600.00	Check is not recorded in QuickBooks.
5/16/2007	1056	4 B's Lawn Care	Tim Bartling loan reimbursement	\$ 2,000.00	Check is not recorded in QuickBooks.
6/25/2007	1057	4 B's Lawn Care		\$ 1,100.00	Check is not recorded in QuickBooks.
10/2/2007	1058	4 B's Lawn Care	business reimburse	\$ 1,000.00	Check is not recorded in QuickBooks.
Total Tim and Alisha Bartling Business Loan				\$10,450.00	

Note: The APA accumulated the information in this table from the copies of the cancelled checks included in the bank statements. The APA did not observe any payments in the bank statements that were received from the Bartlings for this loan.

This loan has not been recorded in the Village’s accounting records. The APA reviewed the bank statements for this business loan account from March 2007 through September 2012 and did not identify any loan repayments received from Tim or Alisha Bartling. Therefore, it appears no loan repayments have been received on this loan.

The APA discussed this loan with James McNally, the Village Attorney charged with preparing the necessary contract documents associated with each loan, such as a Promissory Note, Deed of Trust, Acknowledgment of Deed of Trust, and Amortization Schedule. According to Mr. McNally, “[W]e have no knowledge or information in regard to that loan.”

Furthermore, the APA contacted the Knox County Register of Deeds, Joann Fischer, and was informed that no Deeds of Trust from the Village of Verdigre had been filed on the property owned by Tim and Alisha Bartling. Therefore, no lien exists on the property for the loan from the Village.

As noted in the above section regarding Tim and Alisha Bartling’s housing loan, Section 1.1 of the Guidelines states:

“No member of the governing body and no other official, employee, or agent member of their immediate family, of the Village of Verdigre who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the Housing Rehabilitation program shall directly or indirectly benefit from this program, unless the NDED has granted written exception to that member.”

Alisha Bartling was both the administrator of the loan program and the Village Clerk at the time the loan was awarded. Therefore, according to the Program Guidelines, neither she nor her husband was eligible to receive funds under the Program.

Additionally, the Village is required to file a semi-annual Program Income Report to NDED for its loan funds. As the Village Clerk, Alisha Bartling was responsible for preparing and filing that report. The Program Income Reports for the business loans require Villages to complete a portfolio of the revolving loan fund, including the name of the business, loan amount, interest rate, date loan was made, receipts for the period on each loan, total payments received to date, future payment amounts due, and the status of the loans. The housing loan reports did not contain a similar reporting of the portfolio. The APA obtained the December 2007 to June 2012 Program Income Reports and found that the business loan to Tim and Alisha Bartling for \$12,000, of which they received \$10,450, was not reported to the NDED in any of those reports.

As with the previous comment regarding Tim and Alisha Bartlings’ Program housing loan, the actions of Alisha Bartling in this matter give rise to concerns regarding possible violations of the same State statutes noted therein – namely, § 28-512, § 49-14,101.01(1), § 28-901, and § 28-911(1).

Due to the APA’s concerns regarding the possible legal implications of Alisha Bartling’s handling of the Program business loan that she and her husband received from the Village, as well as the fact none of the loan has been repaid, we are forwarding this issue to both the Nebraska Accountability and Disclosure Commission and the Knox County Attorney.

We recommend the Village Board contact the Knox County Attorney in order to take immediate action regarding any possible legal implications of Alisha Bartling's handling of the Program business loan that she and her husband received. Consideration should be given, moreover, to protecting the interests of the Village with regard to that unsecured, ineligible loan – including, among other things, obtaining a lien on the property for which the loan was obtained. Additionally, we are forwarding this matter to the Accountability and Disclosure Commission for possible further review.

3. Jeff Bartling Housing Loan

A Program housing rehabilitation loan was also approved for Jeff Bartling, who is Alisha Bartling’s brother-in-law, during fiscal year 2010. A total of \$12,300.86 was loaned to Jeff Bartling for a furnace, retaining wall, and a patio. The following is a summary of the loan activity for Jeff Bartling:

Type	Date	Num	Name	Memo	Amount	Balance	Notes
Check	10/25/2010	100	Adams Electric	furnace/air unit	3,980.00	3,980.00	APA was provided an invoice dated 9/21/2010 from Adams Electric Heating & A/C for \$3,980 for the purchase of a York furnace with miscellaneous and labor.
Deposit	10/29/2010			payment	-1,000.00	2,980.00	
Deposit	01/25/2011			Deposit	-200.00	2,780.00	
Deposit	02/16/2011			Deposit	-200.00	2,580.00	Deposit not recorded in QuickBooks.

Type	Date	Num	Name	Memo	Amount	Balance	Notes
Check	04/06/2011	107	Dave Lurz Concrete	retaining wall/patio	8,320.86	10,900.86	Check not recorded in QuickBooks. APA was provided an original estimate signed by Dave Lurz, of Dave Lurz Concrete, for a retaining wall to the end of the garage, 6' tall by 12" thick, and a patio to extend on top of retainer wall with rebar, to the end of house, for a total of \$6,040. This estimate indicated excavation, fill sand, and hauling away old wall was not included. Additionally, the APA was provided a second estimate signed by Dave Lurz for excavation and hauling old concrete for \$569, fill sand for \$476.86 and patio for \$1,235. The total of this estimate was \$2,280.86. The total of the two estimates was \$8,320.86.
Deposit	05/05/2011			Deposit	-200.00	10,700.86	Deposit not recorded in QuickBooks.
Deposit	06/16/2011			Deposit	-200.00	10,500.86	QuickBooks listed these payments from Jeff Bartling that were posted to account 500194. There was not a deposit for Jeff Bartling included on the bank statement of account 500194. There were deposits for \$1,279.64 into the housing account 499838, but the deposits were not identified on the bank statement. The APA couldn't identify if Jeff Bartling's deposits recorded in QuickBooks were part of this deposit on the bank statement.
Deposit	06/16/2011			Deposit	-200.00	10,300.86	QuickBooks listed this payment from Jeff Bartling. However, the bank deposit slip was not provided with the bank statement, so the APA was unable to verify if a deposit for Jeff Bartling was made at the bank. Deposit amounts on the bank statement were \$257.25 and \$845.89.
Deposit	07/13/2011			Deposit	-200.00	10,100.86	QuickBooks listed this payment from Jeff Bartling. However, the bank deposit slip was not provided with the bank statement, so the APA was unable to verify if a deposit for Jeff Bartling was made at the bank. Deposit amounts on the bank statement were \$257.25 and \$845.89.
Deposit	08/19/2011			Deposit	-200.00	9,900.86	Deposit not recorded in QuickBooks.
Deposit	11/04/2011			Deposit	-200.00	9,700.86	The bank deposit slip has \$200 from Jeff Bartling on 11/4/2011. This deposit was not recorded in QuickBooks. It appears the \$200 from Jeff Bartling was applied to the Gary and Emy Jones loan.
Deposit	11/15/2011			Deposit	-200.00	9,500.86	
Deposit	01/06/2012			Deposit	-200.00	9,300.86	The bank deposit slip has \$200 from Jeff Bartling on 1/6/2012. This deposit was not recorded in QuickBooks. It appears the \$200 from Jeff Bartling was applied to the Gary and Emy Jones loan.
Deposit	01/18/2012			Deposit	-200.00	9,100.86	
Deposit	02/17/2012			Deposit	-200.00	8,900.86	The bank deposit slip has \$200 from Jeff Bartling on 2/17/2012. This deposit was not recorded in QuickBooks. It appears the \$200 from Jeff Bartling was applied to the Gary and Emy Jones loan.
Deposit	03/16/2012			Deposit	-200.00	8,700.86	
Deposit	04/20/2012			Deposit	-200.00	8,500.86	
Deposit	05/31/2012			Deposit	-200.00	8,300.86	
Deposit	06/18/2012			Deposit	-200.00	8,100.86	
Deposit	07/13/2012			Deposit	-200.00	7,900.86	
Deposit	08/20/2012			Deposit	-200.00	7,700.86	
Deposit	09/17/2012	7168		Deposit	-200.00	7,500.86	
Deposit	10/18/2012	7201		Deposit	-200.00	7,300.86	APA did not get the bank statement for this month.
Total Jeff Bartling Home Loan					7,300.86	7,300.86	

Amounts highlighted in the orange shading represent transactions that were not recorded in QuickBooks but were posted to the bank account.

Amounts highlighted in the blue shading represent transactions that were recorded in QuickBooks, but because the APA was not provided with a copy of the deposit slip from the bank statement, we could not verify if a deposit by Jeff Bartling was deposited in the bank.

Amounts highlighted in yellow represent transactions that were recorded in the bank, but were not properly recorded in QuickBooks. It appears the deposits were erroneously applied to another individual's loan fund.

Jeff Bartling's application for a housing loan was dated June 2, 2010. The VHRB approved this loan in the amount of \$10,000 on June 7, 2010. Jeff Bartling signed his promissory note for \$10,000 on March 24, 2011. According to the Knox County Register of Deeds, Joann Fischer, no Deed of Trust from the Village of Verdigre had been filed on the property owned by Jeff Bartling. Therefore, no lien exists on the property for the loan from the Village. As the Village Clerk, Alisha Bartling was responsible for the filing of this paperwork.

According to the amortization schedule obtained from the Village Attorney, the balance owed on Jeff Bartling's loan at September 30, 2012, would be \$8,684.17, had he been making the regular monthly payments. However, that amortization schedule is inaccurate, as it is based upon only the \$10,000 loan amount approved, not the \$12,300.86 he actually received. It appears Jeff Bartling has been making regular payments on his Program loan. In fact, he generally pays considerably more than the required monthly amount.

Under the current Guidelines, construction of a retaining wall and patio do not appear to be eligible projects for housing rehabilitation loans. No information was provided to the APA to indicate this loan met the eligibility criteria in the Guidelines or the Minimum Housing Standards issued by the NDED.

More importantly, similar to a concern pointed out in a previous comment regarding the Program housing loan made to Tim and Alisha Bartling, the loan funds received by Jeff Bartling have exceeded by some \$2,300 the approved loan amount. Although the VHRB approved a loan of only \$10,000, and the promissory note was made out for that same amount, Jeff Bartling has been given \$12,300.86. As the Village Clerk, Alisha Bartling bears sole responsibility for making those overpayments to her brother-in-law, having autonomously signed and issued the loan distribution checks.

Given all of the above, Alisha Bartling's management of the loan to her brother-in-law, Jeff Bartling, appears to be problematic and should be considered in light of certain statutory provisions referenced in the previous comments herein.

We recommend the Village contact the Knox County Attorney regarding Alisha Bartling's management of the loan to her brother-in-law, Jeff Bartling. In addition to determining whether any laws have been violated, a determination should be made as to the proper disposition of this unsecured, partially ineligible loan. Such action should include revising the amortization schedule to reflect accurately the amounts actually distributed and owed and securing a lien on the property to protect the interests of the Village.

4. Housing Loan Program Procedures

Based on the findings noted previously, it is apparent that the Village Board lacked proper oversight with regard to the administration of its Housing Rehabilitation Program. Alisha Bartling was able, as the Village Clerk, to process and manage almost all aspects of the housing loans with virtually no supervision. She approved the applications, presented the information to the Housing Rehabilitation Loan Board for approval, wrote and signed checks to the applicants, submitted the loan information to the Village Attorney for processing the loan documents, obtained signatures on the loan documents, forwarded the Deeds of Trust to the County for filing, recorded the loan transactions in the accounting system, and submitted the reports to NDED for these loans.

However, as of March 2012, the Village has contracted with the Northeast Nebraska Economic Development District (NENEDD) to administer its Program. Some of the responsibilities of the NENEDD include assisting with the completion of loan applications, reviewing and making recommendations on applications, presenting recommendations to the Village, assisting in loan closings and filing of closing documents, tracking loan payments, collecting any late payments or bad debt, etc. Despite the increased segregation of duties occasioned by the use of the NENEDD, the Village will continue to be responsible for writing the recipient checks from its loan accounts.

We recommend the Village implement procedures to ensure the following:

- All loan accounting records are reviewed for accuracy.
- Two signatures are required on each check, without the use of a signature stamp.
- Checks written on the loan accounts do not exceed the amount approved by the Board.
- Checks written are only for eligible project expenses.
- Adequate loan records are maintained to ensure an accurate accounting of the loan funds, including all checks written and deposits received in those funds.

5. Tim and Alisha Bartling Utility Bills and Payments

As the Village Clerk, Alisha Bartling was also responsible for handling the utility bills and payments for the Village. As such, the APA reviewed Tim and Alisha Bartling's utility records from October 1, 2009, through September 30, 2012. A summary of the utilities billed and paid can be found in **Exhibit G**. The APA identified the following issues:

- Tim and Alisha Bartling were consistently late in paying their utility bills. Twenty-nine invoices were included in the period reviewed, and the Bartlings were late paying 22 of those 29 invoices. Overdue payments ranged from a couple of weeks to six months late, including being six months late one time, five months late two times, and four-and-a-half months late five times.
- No matter how tardy their payments, Tim and Alisha Bartling were never assessed any late payment penalties, their services were not discontinued, and no reconnect fees were charged – all of which are actions expressly provided under Village Ordinance Number 9-01-2010. According to the Village, these fees and assessments have not been enforced on any customer.
- No invoice was found for the month of September 2010, so Tim and Alisha Bartling were not billed for utilities for that month.
- Six monthly bills did not contain a trash charge, which is \$12 per month.
- The water-sewer usage amount was incorrect for five months.
- The overall result of these billing errors since October, 2009, with the corrections made and no late charges assessed, seems to indicate that Tim and Alisha Bartling have a balance due of \$165.

Village Ordinance Number 9-01-2010(1), which is referenced above, sets out the following requirements:

“All water, sewer, and garbage customers of the Village shall be billed monthly. Bills shall be mailed on or about the 5th of each month. Payments are due when bills are received. If payment has not been received by the Village Clerk by the 20th of each month, such account shall be deemed delinquent and a late penalty of \$10 shall be added to such delinquent bill.”

Likewise, section (2) of that same ordinance states:

“If full and complete payment of the utility charges and late payment penalty is not made by the 28th of each month, water, sewer, and garbage services to such customer shall be discontinued until such bill is paid. In the event that a customer's water, sewer or garbage service has been disconnected for failure to pay his/her monthly fees, such service shall not be resumed until the customer has paid a reconnect fee of \$50.00.”

As pointed out in the previous comment regarding the Program housing loan made to Tim and Alisha Bartling, § 49-14,101.01 of the Nebraska Political Accountability and Disclosure Act prohibits a public official or public employee from using his or her public office, or any resources under his or her official care and control, to obtain for him or herself financial gain, other than compensation provided by law.

Avoiding the penalties provided under Village Ordinance Number 9-01-2010 for late utility payments would constitute a definite financial gain. Being able to do so solely as a result of one's position as a public employee, moreover, would appear to violate § 49-14,101.01.

We recommend the Village implement procedures to ensure that customers who do not pay their utility bills in a timely fashion are uniformly dealt with in accordance with the provisions of Village Ordinance Number 9-01-2010. We recommend also that the Village implement procedures to ensure all Village employees and Board members are current on their utility payments. The Village should attempt to collect any past due amounts from Tim and Alisha Bartling, as well as from any other citizens who are delinquent on their utility bills. Additionally, we are forwarding this matter to the Accountability and Disclosure Commission for possible further review.

6. Lack of Documentation

The APA also encountered issues regarding a lack of adequate documentation and other internal control concerns, which are addressed below:

Alisha Bartling's Expense Reimbursements

Alisha Bartling received over \$1,500 in expense reimbursements from the Village between October 2009 and September 2012. However, the Village was unable to find any documentation to support those payments to her. Below is a summary of the reimbursements to Alisha Bartling, according the Village's accounting records:

Date	Check No.	Name	Memo	Paid Amount
02/01/2010	13602	Alisha Bartling	reimbursement	\$24.98
03/01/2010	13649	Alisha Bartling	reimbursement	\$134.40
04/05/2010	13715	Alisha Bartling	reimbursement	\$292.44
05/03/2010	13773	Alisha Bartling	mileage reimbursement	\$127.50
07/07/2010	13881	Alisha Bartling	mileage reimbursement	\$79.00
10/07/2010	14062	Alisha Bartling	mileage reimbursement	\$11.00
02/01/2011	14238	Alisha Bartling	mileage reimbursement	\$77.01
04/04/2011	14343	Alisha Bartling	mileage reimbursement	\$453.90
05/02/2011	14395	Alisha Bartling	reimbursement	\$102.86
06/01/2011	14442	Alisha Bartling	mileage reimbursement	\$81.60
07/05/2011	14512	Alisha Bartling	mileage reimbursement	\$45.75
07/15/2011	14541	Alisha Bartling	reimbursement/ink cartridges	\$88.77
08/01/2011	14553	Alisha Bartling	mileage reimbursement	\$19.98
Alisha Bartling Total				\$1,539.19

Due to the lack of documentation to identify the purpose and nature of these reimbursements to Alisha Bartling, the APA was unable to determine if the payments were for necessary Village expenses.

Payments to Tim Bartling/4B's Lawn Care

The Village paid Tim Bartling or his company, 4B's Lawn Care, a total of \$360 for services provided, as follows:

Date	Check No.	Name	Memo	Paid Amount
08/02/2010	13909	4B's Lawn Care/Tim Bartling	ch.park/weeds/fertilize	\$60.00
08/02/2010	13923	Tim Bartling	spray mosquitoes	\$180.00
09/07/2010	13999	Tim Bartling	spray mosquitoes	\$120.00
Tim Bartling Total				\$360.00

The Village provided the following documentation to support the payment of those amounts:

STATEMENT

From _____

To Village of Verdige 20

Address Chittuprik Park

City PO Box 330 Verdige

Terms _____

Spring	Fertilize		
	Spray Weeds	600.00	
	@Chittuprik Park		

Thank you!

Jim Bartling
4BS Lawn Care
109 N. 2nd St
Verdige, Va
22783

(60.00)

Jim Bartling
Spray Mosquitos

June 16th - Spray
July 6th - fix sprayer
July 7th - Spray
July 9th - Spray
July 14th - Spray
July 28th - Spray

6 times x 30⁰⁰ per time = 180⁰⁰ -

Spray for Mosquitos

Jim Bartling

8-4-010
8-11-010
8-25-010
9-01-010

All of these invoices appear to have been prepared by Alisha Bartling. The invoices are inadequate, as they either do not state the name and address of the claimant, the amount of the claim, or they do not fully and accurately identify the items or services for which payment is claimed or the time, place, nature, and circumstances giving rise to the claim.

VISA Credit Card Receipts

Between October 2009 and September 2012, the Village paid in excess of \$10,000 on the business credit card issued to the Village Clerk. The Village lacked appropriate procedures to monitor the use of that card, as indicated by the numerous instances in which purchases were not supported by an itemized receipt. The detail of Alisha Bartling's usage of the credit card for the period tested, including purchases lacking an itemized receipt, is set out below:

Date	Check No.	Name	Memo	Paid Amount	Name on Account	APA Notes
12/07/2009	13531	VISA	drop box	\$99.75	Alisha Bartling	No receipt was provided. Per the 11/3/2009 statement, the vendor was Steelmailbox.com.
01/04/2010	13583	VISA	stamps/postage	\$44.78	Alisha Bartling	No receipt was provided. Per the 12/3/2009 statement, the vendor was USPS.
02/01/2010	13621	VISA	stamps/postage	\$4.92	Alisha Bartling	No receipt was provided. Per the 1/3/2010 statement, the vendor was USPS.
05/03/2010	13753	VISA	toner	\$106.10	Alisha Bartling	Receipt indicated purchase was to Tonerprice.com and two different black toner cartridges were purchased.
06/07/2010	13807	VISA	usps	\$1,094.59	Alisha Bartling	A receipt was provided for one of three purchases from the USPS on the 5/2/2010 statement.
08/02/2010	13926	VISA	supplies	\$78.89	Alisha Bartling	No receipt was provided. Per the 7/2/2010 statement, the vendor was Oriental Trading Company.
09/07/2010	14004	VISA	usps	\$44.00	Alisha Bartling	No receipt was provided. Per the 8/2/2010 statement, the vendor was USPS.
10/07/2010	14060	VISA	intuit/payroll supplies	\$521.05	Alisha Bartling	A receipt was provided for Staples for \$139.75 and included toner cartridge desk pad, wrist rest and mouse pad. No receipts were provided for other vendors. Per the 9/2/2010 statement, the other vendors were USPS and Intuit.
12/13/2010	14174	VISA	computer	\$840.82	Alisha Bartling	No receipt was provided. Per the 11/2/2010 statement, the vendor was Walmart.
02/11/2011	14268	VISA	envelopes	\$1,068.60	Alisha Bartling	No receipt was provided. Per the 1/2/2011 statement, the vendor was USPS.

Date	Check No.	Name	Memo	Paid Amount	Name on Account	APA Notes
03/11/2011	14318	VISA	toner/copy paper	\$184.56	Alisha Bartling	No receipt was provided. Per the 2/2/2011 and 3/2/2011 statements, the vendor was Office Max.
04/20/2011	14378	VISA	misc.	\$134.95	Alisha Bartling	No receipts were provided. Per the 4/3/2011 statement, the vendors were Hampton Inn, Kearney and UNL Center for Applied Rural.
05/09/2011	14422	VISA	npza conference	\$70.00	Alisha Bartling	No receipt was provided. Per the 5/2/2011 statement, the vendor was Midtown Holiday Inn, Grand Island.
06/27/2011	14487	VISA	postage	\$54.70	Alisha Bartling	No receipt was provided. Per the 6/2/2011 statement, the vendor was USPS.
08/06/2011	14592	VISA	supplies	\$76.00	Alisha Bartling	No receipt was provided. Per the 7/3/2011 statement, the vendor was Oriental Trading Company.
09/19/2011	14676	VISA	office supplies	\$541.28	Alisha Bartling	A receipt for \$88 was provided from the USPS. No other receipts were provided. The 9/2/2011 statement provided was not complete. A handwritten note identified the vendors as NDN (Norfolk Daily News), Dollar General, USPS, and Intuit.
09/26/2011	14677	VISA	library books and guides	\$50.85	Alisha Bartling	This statement was not provided.
10/14/2011	14724	VISA	Postage paid envelopes	\$1,182.23	Alisha Bartling	No receipt was provided. The 10/2/2011 statement had \$1,153.50 in charges, plus an unpaid balance of \$28.73, for a total of \$1,182.23. Vendor was USPS.
10/26/2011	14736	VISA	library credit card	\$108.66	Alisha Bartling	This statement was not provided.
11/14/2011	14783	VISA	library credit card	\$134.99	Alisha Bartling	No receipts were provided. Per the 11/2/2011 statement, the vendors were USPS and Amazon.com.
12/12/2011	14834	VISA	credit card	\$245.70	Danielle Jedlicka	A receipt was provided for a USB drive from Target and to USPS. No other receipts were provided. Per the 12/2/2011 statement, the other vendor was Office Max and USPS.
01/09/2012	14886	VISA	credit card	\$39.77	Danielle Jedlicka	Two of three receipts from USPS were provided.
02/10/2012	14939	VISA	credit card	\$150.11	Danielle Jedlicka	One of two receipts from the USPS was provided. Per the 2/2/2012 statement, the other vendor was Flags USA.
03/22/2012	14999	VISA	credit card	\$7.20	Danielle Jedlicka	Both receipts to USPS were provided.
04/09/2012	15045	VISA	credit card	\$57.24	Danielle Jedlicka	One of three receipts from the USPS was provided. No other receipts were provided. Per the 4/2/2012 statement, the other vendors were CLC Card billing and Amazon.com.
05/10/2012	15073	VISA	credit card	\$156.43	Danielle Jedlicka	Three receipts from USPS were provided. Per the 5/2/2012 statement, the other vendor was Comfort Inn.
06/11/2012	15219	VISA	credit card	\$1,736.65	Danielle Jedlicka	Receipts were provided from Office Max, UNL Marketplace, Leslie's Swimming Pool Supplies, Intuit, and USPS. All charged purchases included receipts.
07/09/2012	15292	VISA	credit card	\$798.53	Denise Burman	Receipts were provided for all vendors on the 7/2/2012 statement, including Northeast Community College, Martin's Flag Company, Menards, Northeast Community College Bookstore, Office Max, Western Office Products, and Staples.
08/13/2012	15360	VISA	credit card	\$134.97	Denise Burman	Receipts were provided for all vendors on the 8/2/2012 statement, including USPS and Staples.
09/10/2012	15430	VISA	credit card	\$400.83	Denise Burman	Receipts were provided for all vendors on the 9/2/2012 statement, including Intuit and USPS.
VISA Total				\$10,169.15		

Without proper procedures for monitoring the use of its credit cards, the Village is at an increased risk for misuse of Village funds through unauthorized and unnecessary credit card charges.

The issues cited above all involve a lack of adequate documentation to support expenses paid by the Village. There are a few relevant statutory references related to these issues, as follows:

Neb. Rev. Stat. § 17-714 (Reissue 2012) requires the following for claims and accounts payable:

“All liquidated and unliquidated claims and accounts payable against a city of the second class or village shall: (1) Be presented in writing; (2) state the name and address of the claimant and the amount of the claim; and (3) fully and accurately identify the items or services for which payment is claimed or the time, place, nature, and circumstances giving rise to the claim.”

Because the Village did not provide the APA with the documentation requested, it appears the requirements of the above statute were not met when the claims were paid by the Village.

Additionally, pursuant to Neb. Rev. Stat. § 84-1207(2) (Cum. Supp. 2012) the Village is required to:

“Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency, designed to furnish information to protect the legal and financial rights of the state, and of persons directly affected by the agency's activities[.]”

Specifically, pursuant to Neb. Rev. Stat. § 84-1212.02 (Reissue 2008), State agencies and political subdivisions are authorized to “dispose of the records of their agencies in accordance with records retention and disposition schedules which are applicable to their agencies . . .” To comply with this statutory language, the Village must abide by the Local Agencies General Records Retention Schedule 24 (July 26, 2011). That schedule provides the length of time documentation is to be maintained by the Village. Section 024-002 of the schedule defines accounts payable records as:

“Any supporting document received or generated by the agency that provides support for payments made to vendors for goods and services, employee for reimbursement of expenses and any other situation where a warrant or electronic payment is issued. This may include, but is not limited to invoices, reports, disbursement documents, purchase orders, packing slips, requisitions, employee expense reimbursement forms, etc.”

The retention period for those documents is 5 years or a maximum of 10 years if no audit has been performed. Clearly, the Village is not in compliance with the mandatory records retention policy when the requested documentation has not been maintained.

We recommend the Village implement procedures to ensure any expense reimbursements paid to employees or Board members are supported by adequate documentation. The Village should require such documentation to be provided to a designated Board member prior to issuance of the reimbursement to ensure both the sufficiency of the documentation and that the reimbursement is for a necessary Village expense.

7. Lack of Oversight

All of the concerns addressed thus far, including the handling of Program loans and lack of documentation to support expenses, have been either occasioned or exacerbated by a lack of oversight. In addition to those concerns, the APA noted the following:

- The Village had no procedures for performing proper reconciliations on each of its bank accounts to ensure the bank records agreed to the accounting records. Dating back to at least October 2003, the Village Clerk failed to perform such reconciliations on a monthly basis.

For the period October 2003 through September 2012, the APA completed a reconciliation/comparison of the following Village housing rehabilitation bank accounts. These accounts were reconciled/compared to Village’s financial records and variances and unaccounted items are noted on the **Exhibits A** through **F** attached.

Bank Account Title	Account #	Exhibit
Energy Grant Account (closed February 2011)	xxxxxxx568	A
Housing Grant Account	xxxxxxx832	B
Housing Rehab Account	xxxxxxx838	C
Housing Grant Acct 2 (closed February 2011)	xxxxxxx529	D
Commercial Grant Account	xxxxxxx194	E
Commercial Grant Account	xxxxxxx964	F

The APA’s reconciliations and comparisons can be found in **Exhibit A** through **Exhibit F**.

- Prior to July 1, 2012, the Village was not properly collecting and remitting sales tax on water and sewer use.

The Village charges recipients of water and sewer services both a fixed rate and another rate based on the gallons of water used each month. Prior to July 1, 2012, the Village was collecting and remitting sales tax only on the rate for the water used, not the fixed rate charge.

According to the Nebraska Department of Revenue Regulations, found at Title 316 NAC 1-066.02 (June 6, 2011):

Sales tax applies to all amounts paid for sewer and water, irrespective of whether there is an actual consumption or not. Thus, there is tax due on all payments whether in the form of a minimum charge, a flat rate, or other billing method.

Beginning in July of 2012, the current Village Clerk identified the Village’s failure to comply with the above regulation and began adjusting the current invoices so that sales tax was collected on both the fixed charge for water and sewer and the rate for water use.

- The Village provided some summary information to the APA that indicated the Village had incurred late fees and penalties from the Internal Revenue Service (IRS) related to the payment of social security and federal withholding taxes. From the Village’s accounting records, QuickBooks, the APA attempted to verify the amount of income taxes withheld

from Village employees' pay and the amount of taxes remitted to both the Nebraska Department of Revenue and the United States Treasury.

Unfortunately, the Village has not maintained its accounting system in a manner that would enable the APA to verify the amount of taxes withheld and remitted. For instance, the balance in the payroll liability account at September 30, 2012, was \$36,207.74. Normally, that balance would represent payments withheld from paychecks that are owed to some other source (insurance, taxes, etc.) It is clear from these high balances that the Village was not properly recording the payment of taxes because this liability account should contain withholdings from the employees' pay and then should be cleared out when those monies are remitted to the proper source. Additionally, the APA found that some of the tax expenses of the Village were not consistently coded in the accounting system. Rather, the tax expenses were coded to various accounts in QuickBooks, such as: Miscellaneous/Sales Tax, Employee Share Soc. Sec., and numerous others, making them very difficult to follow, compare, or trace.

Without a more extensive review of the payroll withholdings and payments, including the actual forms submitted to the IRS with payments or deposits, the APA was unable to determine the amount of late fees and penalties incurred. In some instances, it appears that advance payments of taxes were made without documentation.

As mentioned previously, the Village Clerk performs the duties of both the clerk and the treasurer. Due to the relatively small size of the Village, it is practically impossible to obtain an adequate segregation of duties so that no one person can process a financial transaction from beginning to end. However, without adequate oversight of its operations, the Village is open to fraud, waste, or misuse of Village Funds.

We recommend the Village implement procedures to ensure adequate oversight of Village operations, which would include the following:

- Providing proper oversight of its agreement with NENEDD to ensure that Program housing rehabilitation funds are used in accordance with the Guidelines.
- Utilizing a random review of Village transactions to ascertain whether adequate documentation of each expense is maintained.
- Ensuring that proper policies and procedures exist for the use of Village credit cards and monitoring such use by periodically reviewing the billing statements and supporting documentation.
- Requiring the Village Clerk to complete a proper reconciliation of the bank records to the accounting records on every account each month.
- Enforcing ordinances related to Village utilities and ensuring that billings are sent timely, late penalties are collected, and discontinued services are handled properly.

- Ensuring the Village Clerk has adequate knowledge and training to understand and properly collect and remit taxes and to record the tax payments properly in the Village's accounting system. The Village should work with the IRS related to its social security and federal withholding taxes in order to reconcile its accounting records and bring those records up to date.

The Village Board should take, in a timely fashion, any action necessary to address and resolve the issues presented in this letter – thereby, both protecting the finances of the Village and ensuring compliance with applicable Nebraska laws.

If you have any questions regarding the above information, please contact our office.

Sincerely,

SIGNED ORIGINAL ON FILE

Mike Foley
State Auditor

cc: John Thomas, Knox County Attorney
Accountability and Disclosure Commission
Nebraska Department of Economic Development
Village Board Members
Nebraska Department of Revenue

October 2003 to September 2004											
Date	Bank Statement			Village QuickBooks Activity			Variance			Unaccounted for Items	Explanation
	Deposits	Checks	Balance	Deposits	Checks	Balance	Deposits	Checks	Balance		
Beg. Bal.			\$820.59			\$791.81			\$28.78		Beginning balance in Quickbooks is \$28.78 lower than the bank statement at September 30, 2003.
October	\$0.00	\$0.88	\$819.71	\$0.00	\$0.88	\$790.93	\$0.00	\$0.00	\$28.78		
November	\$2,250.00	\$2,500.00	\$569.71	\$2,250.00	\$0.00	\$3,040.93	\$0.00	\$2,500.00	(\$2,471.22)	(\$2,500.00)	Check # 331 dated 11/3/2003 to Grant Miller Construction for \$2,500 not recorded in Quickbooks. Check memo indicated payment was for Erika Crosley loan.
December	\$0.00	\$0.00	\$569.71	\$0.00	\$0.00	\$3,040.93	\$0.00	\$0.00	(\$2,471.22)		
January	\$0.00	\$0.00	\$569.71	\$0.00	\$0.00	\$3,040.93	\$0.00	\$0.00	(\$2,471.22)		
February	\$0.00	\$48.49	\$521.22	\$0.00	\$48.49	\$2,992.44	\$0.00	\$0.00	(\$2,471.22)		
March	\$0.00	\$0.00	\$521.22	\$0.00	\$0.00	\$2,992.44	\$0.00	\$0.00	(\$2,471.22)		
April	\$1,000.00	\$850.08	\$671.14	\$1,000.00	\$30.90	\$3,961.54	\$0.00	\$819.18	(\$3,290.40)	(\$850.08)	Check #333 dated 4/14/2004 to Tim and Alisha Bartling for \$330 not recorded in Quickbooks. Check memo indicated payment was for Menard's bill for Bartling loan. Check #334 dated 4/21/2004 to Tim and Alisha Bartling for \$164.71 not recorded in Quickbooks. Check memo indicated payment was for Menard's bill housing energy loan. Check #335 dated 4/26/2004 to Tim and Alisha Bartling for \$355.37 not recorded in Quickbooks. Check memo indicated payment was for Menards - Bartling loan. Check dated 4/29/2004 for \$30.90 recorded in Quickbooks in April 2004, but was cashed in May 2004 (reconciling item).
May	\$7,000.00	\$4,780.90	\$2,890.24	\$7,000.00	\$250.00	\$10,711.54	\$0.00	\$4,530.90	(\$7,821.30)	(\$4,500.00)	Check #340 dated 5/24/2004 to Tim and Alisha Bartling for \$4,500 not recorded in Quickbooks. Check memo indicated payment was for housing loan reimbursement -Carhart's bill - Wayne, NE. Also check dated 4/29/2004 for \$30.90 from above recorded in bank statement in May, but recorded in Quickbooks in April (reconciling item).
June	\$0.00	\$2,000.00	\$890.24	\$0.00	\$400.18	\$10,311.36	\$0.00	\$1,599.82	(\$9,421.12)	(\$1,800.00)	Check #341 dated 5/28/2004 to Tim and Alisha Bartling for \$1,800 not recorded in Quickbooks. Check memo indicated payment was for housing loan Menard's bills. Quickbooks also recorded check # 343 for \$120, check #344 for \$54, and check #345 for \$26.18 in June 2004, but these checks did not clear the bank until July 2004 (reconciling items).
July	\$0.00	\$200.18	\$690.06	\$0.00	\$32.69	\$10,278.67	\$0.00	\$167.49	(\$9,588.61)		Check #'s 343, 344, and 345 from above total \$200.18 and were recorded in the bank statements in July 2004, but were recorded in Quickbooks in June 2004 (reconciling items). Quickbooks also included check #347 dated 7/28/2004 for \$32.69, but this check was not recorded in the bank until August 2004 (reconciling item).
August	\$6,000.00	\$186.64	\$6,503.42	\$6,000.00	\$4,132.48	\$12,146.19	\$0.00	(\$3,945.84)	(\$5,642.77)		Bank statement included check #347 dated 7/28/2004 for \$32.69 from above, but this check was recorded in Quickbooks in July 2004 (reconciling item). Quickbooks included check #349 dated 8/19/2004 for \$3,978.53, but this check was not recorded on the bank statement until September 2004 (reconciling item).
September	\$0.00	\$4,451.18	\$2,052.24	\$0.00	\$472.65	\$11,673.54	\$0.00	\$3,978.53	(\$9,621.30)		Bank statement included check #349 dated 8/19/2004 for \$3,978.53, but this check was recorded in Quickbooks in August 2004 (reconciling item).
TOTALS	\$16,250.00	\$15,018.35		\$16,250.00	\$5,368.27		\$0.00	\$9,650.08		(\$9,650.08)	Bank balance is \$9,621.30 less than the balance in Quickbooks, which consists of the beginning of the year variance of \$28.78 less the checks not recorded in Quickbooks of \$9,650.08.

Source: Village's Pinnacle Bank statements and Village's QuickBooks records. (Account Closed as of February 2011)

October 2004 to September 2005											
Date	Bank Statement			Village QuickBooks Activity			Variance			Unaccounted for Items	Explanation
	Deposits	Checks	Balance	Deposits	Checks	Balance	Deposits	Checks	Balance		
Beg. Bal.			\$2,052.24			\$11,673.54			(\$9,621.30)		Bank has \$9,621.30 less than Quickbooks.
October	\$0.00	\$670.17	\$1,382.07	\$0.00	\$445.17	\$11,228.37	\$0.00	\$225.00	(\$9,846.30)	(\$225.00)	Check #354 dated 10/22/2004 to Tim and Alisha Bartling for \$225 was not recorded in Quickbooks. Check memo indicated payment was for loan for house improvements Carhart/Menards reimburse.
November	\$0.00	\$0.00	\$1,382.07	\$0.00	\$0.00	\$11,228.37	\$0.00	\$0.00	(\$9,846.30)		
December	\$0.00	\$0.00	\$1,382.07	\$0.00	\$3,780.04	\$7,448.33	\$0.00	(\$3,780.04)	(\$6,066.26)		Check #355 dated 12/30/2004 for \$3,160.04 and check #356 dated 12/30/2004 for \$620 were recorded in the bank in January 2005 (reconciling items).
January	\$6,000.00	\$3,780.04	\$3,602.03	\$6,000.00	\$0.00	\$13,448.33	\$0.00	\$3,780.04	(\$9,846.30)		Check #355 dated 12/30/2004 for \$3,160.04 and check #356 dated 12/30/2004 for \$620 were recorded in the bank in January 2005 (reconciling items).
February	\$0.00	\$2,247.00	\$1,355.03	\$0.00	\$2,552.05	\$10,896.28	\$0.00	(\$305.05)	(\$9,541.25)		Check #358 dated 2/18/2005 for \$305.05 was recorded in the bank in March 2005 (reconciling item).
March	\$6,000.00	\$5,180.55	\$2,174.48	\$6,000.00	\$4,875.50	\$12,020.78	\$0.00	\$305.05	(\$9,846.30)		Check #358 dated 2/18/2005 for \$305.05 was recorded in the bank in March 2005 (reconciling item).
April	\$3,205.02	\$4,812.46	\$567.04	\$3,205.02	\$4,812.46	\$10,413.34	\$0.00	\$0.00	(\$9,846.30)		
May	\$0.00	\$555.50	\$11.54	\$0.00	\$555.50	\$9,857.84	\$0.00	\$0.00	(\$9,846.30)		
June	\$0.00	\$6.44	\$5.10	\$0.00	\$6.44	\$9,851.40	\$0.00	\$0.00	(\$9,846.30)		
July	\$0.00	\$0.00	\$5.10	\$0.00	\$0.00	\$9,851.40	\$0.00	\$0.00	(\$9,846.30)		
August	\$0.00	\$0.00	\$5.10	\$0.00	\$0.00	\$9,851.40	\$0.00	\$0.00	(\$9,846.30)		
September	\$0.00	\$0.00	\$5.10	\$0.00	\$0.00	\$9,851.40	\$0.00	\$0.00	(\$9,846.30)		
TOTALS	\$15,205.02	\$17,252.16		\$15,205.02	\$17,027.16		\$0.00	\$225.00		(\$225.00)	Bank balance is \$9,846.30 less than the Quickbooks balance, which consists of the beginning of the year variance of \$9,621.30, plus the check not recorded in Quickbooks of \$225.

October 2005 to September 2006											
Date	Bank Statement			Village QuickBooks Activity			Variance			Unaccounted for Items	Explanation
	Deposits	Checks	Balance	Deposits	Checks	Balance	Deposits	Checks	Balance		
Beg. Bal.			\$5.10			\$9,851.40			(\$9,846.30)		Bank has \$9,846.30 less than Quickbooks.
October	\$4,200.00	\$1,360.01	\$2,845.09	\$4,200.00	\$882.41	\$13,168.99	\$0.00	\$477.60	(\$10,323.90)	(\$477.60)	Check dated 10/4/2005 to Tim or Alisha Bartling for \$477.60 was not recorded in Quickbooks. Check memo indicated payment was for paint and carpet reimbursement.
November	\$0.00	\$0.00	\$2,845.09	\$0.00	\$346.07	\$12,822.92	\$0.00	(\$346.07)	(\$9,977.83)		Check #371 dated 11/22/2005 for \$346.07 was recorded in the bank in December 2005 (reconciling item).
December	\$0.00	\$346.07	\$2,499.02	\$0.00	\$530.24	\$12,292.68	\$0.00	(\$184.17)	(\$9,793.66)		Check #372 dated 12/15/2005 for \$460.90 and check #373 dated 12/30/2005 for \$69.34 were recorded in Quickbooks in December 2005, but not recorded at the bank until January 2006 (reconciling item). Check #371 dated 11/22/2005 for \$346.07 was recorded in Quickbooks in November 2005, and recorded by the bank in December 2005 (reconciling item).
January	\$0.00	\$530.24	\$1,968.78	\$0.00	\$0.00	\$12,292.68	\$0.00	\$530.24	(\$10,323.90)		Check #372 dated 12/15/2005 for \$460.90 and check #373 dated 12/30/2005 for \$69.34 were recorded in Quickbooks in December 2005, but not recorded at the bank until January 2006 (reconciling item).
February	\$0.00	\$0.00	\$1,968.78	\$0.00	\$0.00	\$12,292.68	\$0.00	\$0.00	(\$10,323.90)		
March	\$0.00	\$0.00	\$1,968.78	\$0.00	\$0.00	\$12,292.68	\$0.00	\$0.00	(\$10,323.90)		
April	\$0.00	\$416.74	\$1,552.04	\$0.00	\$10.87	\$12,281.81	\$0.00	\$405.87	(\$10,729.77)	(\$405.87)	Check #375 dated 4/18/2006 to Tim or Alisha Bartling for \$405.87 was not recorded in Quickbooks. Check memo indicated payment was for housing loan/bathroom-bedroom.
May	\$0.00	\$500.00	\$1,052.04	\$0.00	\$500.00	\$11,781.81	\$0.00	\$0.00	(\$10,729.77)		
June	\$0.00	\$269.96	\$782.08	\$0.00	\$269.96	\$11,511.85	\$0.00	\$0.00	(\$10,729.77)		
July	\$0.00	\$0.00	\$782.08	\$0.00	\$0.00	\$11,511.85	\$0.00	\$0.00	(\$10,729.77)		
August	\$2,500.00	\$2,351.03	\$931.05	\$2,500.00	\$2,351.03	\$11,660.82	\$0.00	\$0.00	(\$10,729.77)		
September	\$0.00	\$0.00	\$931.05	\$0.00	\$0.00	\$11,660.82	\$0.00	\$0.00	(\$10,729.77)		
TOTALS	\$6,700.00	\$5,774.05		\$6,700.00	\$4,890.58		\$0.00	\$883.47		(\$883.47)	Bank balance is \$10,729.77 less than the Quickbooks balance, which consists of the beginning of the year variance of \$9,846.30, plus the checks not recorded in Quickbooks of \$883.47.

Source: Village's Pinnacle Bank statements and Village's QuickBooks records. (Account Closed as of February 2011)

Village of Verdigre
 Energy Grant Account xxxxxxx568
 October 2003 through September 2012

Exhibit A

October 2006 to September 2007											
Date	Bank Statement			Village QuickBooks Activity			Variance			Unaccounted for Items	Explanation
	Deposits	Checks	Balance	Deposits	Checks	Balance	Deposits	Checks	Balance		
Beg. Bal.			\$931.05			\$11,660.82			(\$10,729.77)		Bank has \$10,729.77 less than Quickbooks.
October	\$0.00	\$0.00	\$931.05	\$0.00	\$0.00	\$11,660.82	\$0.00	\$0.00	(\$10,729.77)		
November	\$10,000.00	\$8,797.84	\$2,133.21	\$10,000.00	\$8,797.84	\$12,862.98	\$0.00	\$0.00	(\$10,729.77)		
December	\$14,200.00	\$894.23	\$15,438.98	\$14,200.00	\$15,894.23	\$11,168.75	\$0.00	(\$15,000.00)	\$4,270.23		Check #385 dated 12/29/2006 for \$15,000 was recorded in Quickbooks in December 2006 and was recorded in the bank in January 2007 (reconciling item).
January	\$4,700.00	\$19,832.93	\$306.05	\$4,700.00	\$4,832.93	\$11,035.82	\$0.00	\$15,000.00	(\$10,729.77)		Check #385 dated 12/29/2006 for \$15,000 was recorded in Quickbooks in December 2006 and was recorded in the bank in January 2007 (reconciling item).
February	\$0.00	\$0.00	\$306.05	\$0.00	\$2,952.98	\$8,082.84	\$0.00	(\$2,952.98)	(\$7,776.79)		Check #389 dated 2/26/2007 for \$2,952.98 was recorded in Quickbooks in February 2007 and was recorded in the bank in March 2007 (reconciling item).
March	\$3,516.04	\$2,952.98	\$869.11	\$3,516.04	\$0.00	\$11,598.88	\$0.00	\$2,952.98	(\$10,729.77)		Check #389 dated 2/26/2007 for \$2,952.98 was recorded in Quickbooks in February 2007 and was recorded in the bank in March 2007 (reconciling item).
April	\$639.33	\$0.00	\$1,508.44	\$639.33	\$0.00	\$12,238.21	\$0.00	\$0.00	(\$10,729.77)		
May	\$288.01	\$0.00	\$1,796.45	\$288.01	\$0.00	\$12,526.22	\$0.00	\$0.00	(\$10,729.77)		
June	\$0.00	\$53.44	\$1,743.01	\$0.00	\$53.44	\$12,472.78	\$0.00	\$0.00	(\$10,729.77)		
July	\$0.00	\$0.00	\$1,743.01	\$0.00	\$0.00	\$12,472.78	\$0.00	\$0.00	(\$10,729.77)		
August	\$620.88	\$2,013.78	\$350.11	\$620.88	\$2,013.78	\$11,079.88	\$0.00	\$0.00	(\$10,729.77)		
September	\$568.56	\$0.00	\$918.67	\$568.56	\$0.00	\$11,648.44	\$0.00	\$0.00	(\$10,729.77)		
TOTALS	\$34,532.82	\$34,545.20		\$34,532.82	\$34,545.20		\$0.00	\$0.00		\$0.00	No change in ending balance variance of \$10,729.77.

October 2007 to September 2008											
Date	Bank Statement			Village QuickBooks Activity			Variance			Unaccounted for Items	Explanation
	Deposits	Checks	Balance	Deposits	Checks	Balance	Deposits	Checks	Balance		
Beg. Bal.			\$918.67			\$11,648.44			(\$10,729.77)		Bank balance is \$10,729.77 less than the Quickbooks balance.
October	\$0.00	\$0.00	\$918.67	\$0.00	\$0.00	\$11,648.44	\$0.00	\$0.00	(\$10,729.77)		
November	\$357.48	\$996.05	\$280.10	\$357.48	\$996.05	\$11,009.87	\$0.00	\$0.00	(\$10,729.77)		
December	\$0.00	\$0.00	\$280.10	\$0.00	\$0.00	\$11,009.87	\$0.00	\$0.00	(\$10,729.77)		
January	\$0.00	\$0.00	\$280.10	\$0.00	\$0.00	\$11,009.87	\$0.00	\$0.00	(\$10,729.77)		
February	\$995.98	\$0.00	\$1,276.08	\$995.98	\$0.00	\$12,005.85	\$0.00	\$0.00	(\$10,729.77)		
March	\$0.00	\$0.00	\$1,276.08	\$0.00	\$0.00	\$12,005.85	\$0.00	\$0.00	(\$10,729.77)		
April	\$0.00	\$0.00	\$1,276.08	\$0.00	\$0.00	\$12,005.85	\$0.00	\$0.00	(\$10,729.77)		
May	\$0.00	\$0.00	\$1,276.08	\$0.00	\$0.00	\$12,005.85	\$0.00	\$0.00	(\$10,729.77)		
June	\$1,555.59	\$0.00	\$2,831.67	\$1,555.59	\$0.00	\$13,561.44	\$0.00	\$0.00	(\$10,729.77)		
July	\$390.88	\$375.00	\$2,847.55	\$390.88	\$375.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
August	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
September	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
TOTALS	\$3,299.93	\$1,371.05		\$3,299.93	\$1,371.05		\$0.00	\$0.00		\$0.00	No change in ending balance variance of \$10,729.77.

Source: Village's Pinnacle Bank statements and Village's QuickBooks records. (Account Closed as of February 2011)

October 2008 to September 2009											
Date	Bank Statement			Village QuickBooks Activity			Variance			Unaccounted for Items	Explanation
	Deposits	Checks	Balance	Deposits	Checks	Balance	Deposits	Checks	Balance		
Beg. Bal.			\$2,847.55			\$13,577.32			(\$10,729.77)		Bank balance is \$10,729.77 less than the Quickbooks balance.
October	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
November	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
December	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
January	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
February	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
March	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
April	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
May	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
June	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
July	\$0.00	\$0.00	\$2,847.55	\$0.00	\$0.00	\$13,577.32	\$0.00	\$0.00	(\$10,729.77)		
August	\$669.42	\$0.00	\$3,516.97	\$669.42	\$0.00	\$14,246.74	\$0.00	\$0.00	(\$10,729.77)		
September	\$76.07	\$0.00	\$3,593.04	\$53,153.63	\$53,048.78	\$14,351.59	(\$53,077.56)	(\$53,048.78)	(\$10,758.55)	\$28.78	Quickbooks contained two entries for "reconciliation discrepancies" dated 9/30/2009 in the amounts of \$53,020 and \$57.56. Quickbooks also contained another entry for "reconciliation discrepancies" dated 9/30/2009 for -\$53,048.78. The net of these entries increased the balance in Quickbooks by \$28.78. The \$28.78 was the amount of the original bank to book variance at October 1, 2003.
TOTALS	\$745.49	\$0.00		\$53,823.05	\$53,048.78		(\$53,077.56)	(\$53,048.78)		\$28.78	Bank balance is \$10,758.55 less than the Quickbooks balance, which consists of the beginning of the year variance of \$10,729.77, plus the reconciling net total of \$28.78.

October 2009 to September 2010											
Date	Bank Statement			Village QuickBooks Activity			Variance			Unaccounted for Items	Explanation
	Deposits	Checks	Balance	Deposits	Checks	Balance	Deposits	Checks	Balance		
Beg. Bal.			\$3,593.04			\$14,351.59			(\$10,758.55)		Bank balance is \$10,758.55 less than the Quickbooks balance.
October	\$382.25	\$0.00	\$3,975.29	\$382.25	\$0.00	\$14,733.84	\$0.00	\$0.00	(\$10,758.55)		
November	\$0.00	\$0.00	\$3,975.29	\$0.00	\$0.00	\$14,733.84	\$0.00	\$0.00	(\$10,758.55)		
December	\$0.00	\$0.00	\$3,975.29	\$0.00	\$0.00	\$14,733.84	\$0.00	\$0.00	(\$10,758.55)		
January	\$0.00	\$0.00	\$3,975.29	\$0.00	\$0.00	\$14,733.84	\$0.00	\$0.00	(\$10,758.55)		
February	\$271.49	\$0.00	\$4,246.78	\$271.49	\$0.00	\$15,005.33	\$0.00	\$0.00	(\$10,758.55)		
March	\$0.00	\$0.00	\$4,246.78	\$0.00	\$0.00	\$15,005.33	\$0.00	\$0.00	(\$10,758.55)		
April	\$0.00	\$0.00	\$4,246.78	\$0.00	\$0.00	\$15,005.33	\$0.00	\$0.00	(\$10,758.55)		
May	\$4,500.00	\$7,998.59	\$748.19	\$4,500.00	\$7,998.59	\$11,506.74	\$0.00	\$0.00	(\$10,758.55)		
June	\$0.00	\$0.00	\$748.19	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$10,758.55)		
July	\$0.00	\$0.00	\$748.19	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$10,758.55)		
August	\$0.00	\$0.00	\$748.19	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$10,758.55)		
September	\$0.00	\$0.00	\$748.19	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$10,758.55)		
TOTALS	\$5,153.74	\$7,998.59		\$5,153.74	\$7,998.59		\$0.00	\$0.00		\$0.00	Bank balance is \$10,758.55 less than the Quickbooks balance.

Source: Village's Pinnacle Bank statements and Village's QuickBooks records. (Account Closed as of February 2011)

Village of Verdigre
 Energy Grant Account xxxxxx568
 October 2003 through September 2012

Exhibit A

October 2010 to September 2011											
Date	Bank Statement			Village QuickBooks Activity			Variance			Unaccounted for Items	Explanation
	Deposits	Checks	Balance	Deposits	Checks	Balance	Deposits	Checks	Balance		
Beg. Bal.			\$748.19			\$11,506.74			(\$10,758.55)		Bank balance is \$10,758.55 less than the Quickbooks balance.
October	\$0.00	\$0.00	\$748.19	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$10,758.55)		
November	\$0.00	\$0.00	\$748.19	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$10,758.55)		
December	\$0.00	\$0.00	\$748.19	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$10,758.55)		
January	\$512.32	\$0.00	\$1,260.51	\$0.00	\$0.00	\$11,506.74	\$512.32	\$0.00	(\$10,246.23)	\$512.32	Bank included deposit of \$512.32 made on 1/25/2011, which was not recorded in Quickbooks.
February	\$0.00	\$1,260.51	\$0.00	\$0.00	\$0.00	\$11,506.74	\$0.00	\$1,260.51	(\$11,506.74)	(\$1,260.51)	Bank included a closing withdrawal of \$1,260.51 on 2/2/2011. This withdrawal was not recorded in Quickbooks. Per bank statements, withdrawal was deposited to account 499838 on 2/2/2011. There was no deposit in account 499838 recorded in Quickbooks.
March	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$11,506.74)		
April	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$11,506.74)		
May	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$11,506.74)		
June	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$11,506.74)		
July	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$11,506.74)		
August	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$11,506.74)		
September	\$0.00	\$0.00	\$0.00	\$0.00	\$11,506.74	\$0.00	\$0.00	(\$11,506.74)	\$0.00	\$11,506.74	An entry was made to Quickbooks on 9/30/2011 to zero out the balance of this account in Quickbooks, since the account was closed. The amount of the entry was \$11,506.74.
TOTALS	\$512.32	\$1,260.51		\$0.00	\$11,506.74		\$512.32	(\$10,246.23)		\$10,758.55	

Source: Village's Pinnacle Bank statements and Village's QuickBooks records. (Account Closed as of February 2011)