



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 10, 2015

Tim Hartshorn, Board Chairman  
Village of Ceresco  
P.O. Box 160  
Ceresco, NE 68017

Dave Burklund, Board Chairman Pro-Tempore  
Village of Ceresco  
P.O. Box 160  
Ceresco, NE 68017

Dear Sirs:

As requested by the Village of Ceresco (Village) Board of Trustees (Board), the Nebraska Auditor of Public Accounts (APA) conducted limited preliminary planning work at the Village to determine if a full financial audit or attestation would be warranted. On July 8, 2015, the APA visited the Village to review certain financial information, such as the accounting system records, bank statements, credit card statements, receipts, and other documentation, for the period October 1, 2013, through July 8, 2015.

Based upon the outcome of this preliminary planning work, the APA has determined that a separate financial audit or attestation of the Village, by our office, is unnecessary at this time. However, during the course of the preliminary planning work, we noted certain internal control or compliance matters, or other operational matters within the Village, that are presented below. The following comments and recommendations, which have been discussed with management, are intended to improve internal controls or result in other operational efficiencies. If, upon reading this letter, the Village wishes the APA to proceed with a separate financial audit or attestation, the APA would be happy to assist at the expense of the Village.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified.

Draft copies of this letter were furnished to Village officials to provide them with an opportunity to review and respond to the comments and recommendations herein. Their responses, if any, are included below.

### **1. Board Approval of Claims**

To ensure the Board approved all claims, the APA traced claims from the accounting records to the approved claims listed in the August 2014 Board meeting minutes. Those claims covered the period July 16, 2014, through August 19, 2014. The APA found five disbursements that lacked formal Board approval, as shown in the following table:

Date	Check Number	Payee	Memo	Bank Account	Amount
07/17/2014	EFT	Nebraska U.C. Fund		General Checking	(\$103.65)
07/18/2014	EFT	Nebraska Department of Revenue	sales and use	General Checking	(\$1,508.51)

Date	Check Number	Payee	Memo	Bank Account	Amount
08/19/2014	43072	Ceresco Volunteer Fire & Rescue Dept.	training	General Checking	(\$849.00)
08/19/2014	43082	Christopher Nebel	refund deposit	General Checking	(\$4.72)
08/19/2014	43078	Menards - Lincoln	Acct 31120325	General Checking	(\$49.63)
		<b>Total</b>			<b>(\$2,515.51)</b>

The above transactions included expenditures only from the Village's General Fund Checking Account. Therefore, the APA selected an additional sample of nine disbursements from other Village bank accounts to test whether the Board had approved those payments as well. Of those additional nine payments tested, the following eight did not receive formal Board approval.

Date	Payee	Memo	Bank Account	Type	Amount
12/13/2013	Village of Ceresco	MFO FOR HELMETS	MFO Savings	Withdrawal	(\$6,000.00)
12/13/2013		Funds Transfer	Sewer Improvement Money Market	Transfer	(\$50,000.00)
12/15/2013	Ceresco Bank	cashiers check to First National Bank NE	Special Reserve Money Market	Cashier's Check	(\$6,800.59)
01/21/2014	Edstrom, Bromm, ET AL	CYRA 51030 M	Rec Checking	Check	(\$1,104.26)
06/24/2014	First National Bank NE	Precinct Road bond anticipation notes	Special Reserve Money Market	Cashier's Check	(\$300,902.07)
09/25/2014	Village of Ceresco	transfer to general fund	Sales Tax Fund	Transfer	(\$75,000.00)
12/01/2014	Depository Trust Co	Pay off 2009 Sewer and Refunding bonds	Special Reserve Money Market	Unknown (No Image)	(\$21,763.33)
02/26/2015		Transfer to General account per accountant	Water Department	Transfer	(\$81.86)
	<b>Total</b>				<b>(\$461,652.11)</b>

As noted above, three of the transactions tested involved fund transfers, as opposed to outright disbursements to a third party. A good business practice would be to include disclosures at Board meetings when fund transfers are made, if they are not presented to the Board for approval.

Among the various duties and responsibilities of a Village treasurer, as set out in Neb. Rev. Stat. § 17-606(1) (Cum. Supp. 2014) are the following:

*[A]t the end of every month, and as often as may be required, [the treasurer shall] render an account to the city council or board of trustees, under oath, showing the state of the treasury at the date of such account and the balance of money in the treasury. He or she shall also accompany such accounts with a statement of all receipts and disbursements, together with all warrants redeemed and paid by him or her, which warrants, with any and all vouchers held by him or her, shall be filed with his or her account in the clerk's office.*

In addition, Neb. Rev. Stat. § 17-708 (Reissue 2012) says the following regarding the power to appropriate funds:

*The mayor and council or board of trustees shall have no power to appropriate, issue or draw any order or warrant on the treasurer for money, unless the same has been appropriated or ordered by ordinance, or the claim for the payment of which such order or warrant is issued has been allowed according to the provisions of sections 17-714 and 17-715, and funds for the class or object out of which such claim is payable have been included in the adopted budget statement or transferred according to law.*

Neb. Rev. Stat. § 17-714 (Reissue 2012) provides the filing requirements for claims against the Village, and Neb. Rev. Stat. § 17-715 (Reissue 2012) states, in relevant part, the following:

*Upon the allowance of claims by the council or trustees, the order for their payment shall specify the particular fund or appropriation out of which they are payable as specified in the adopted budget statement . . . . No claim shall be audited or allowed unless an order or warrant for the payment thereof may legally be drawn.*

The two disbursements highlighted in the table above were paid by cashier's checks. However, Neb. Rev. Stat. § 17-711 (Reissue 2012) requires payments of Village funds to be made through warrants, as follows:

*All warrants drawn upon the treasurer must be signed by the mayor or chairman and countersigned by the clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn, and the amount already expended of such fund.* (Emphasis added.)

Depending on the circumstances, failure to comply with the aforementioned statutes could constitute "official misconduct" by the Board members and/or the Clerk under Neb. Rev. Stat. § 28-924 (Reissue 2008), which provides the following:

- (1) A public servant commits official misconduct if he knowingly violates any statute or lawfully adopted rule or regulation relating to his official duties.*
- (2) Official misconduct is a Class II misdemeanor.*

Without procedures to ensure that all payments are approved and processed in accordance with applicable statutory requirements, moreover, there is an increased risk for loss or misuse of Village funds.

We recommend the implementation of procedures to ensure that all disbursements of Village funds, whether from the General Fund Checking Account or any other Village bank account, receive proper Board approval and are reflected in the meeting minutes. Additionally, we recommend that fund transfers are also reported to the Board and reflected in meeting minutes. Finally, we recommend that the Board disburse Village funds through Village warrants/checks, as opposed to utilizing cashier's checks for that purpose.

## **2. Payroll Processes**

The Village lacked an adequate segregation of duties over payroll disbursements, as one person, the former Clerk, was responsible for receiving employee time cards, calculating time worked, entering work time into the accounting system, printing checks, and reconciling the bank statements.

A secondary review and approval of employee time worked was not performed to mitigate this increased risk over payroll functions.

The APA reviewed Village ordinances and Board meeting minutes in order to determine whether the former Clerk's salary and hours worked were correct. Below is a summary of the hours worked and wages paid to the former Clerk from October 2013 through her termination in December 2014:

Description	Hours	Wages
Regular Hours and Wages	2,222.76	\$49,043.40
Overtime Hours and Wages	46.50	\$1,538.43
Zoning Administrator Salary	n/a	\$3,625.00
Sick Hours and Wages	65.00	\$1,436.01
Vacation Hours and Wages (Note 1)	272.00	\$6,045.83
Holiday Hours and Wages	120.00	\$2,638.00
Retroactive Salary Adjustment (Note 2)	469.75	\$307.24
Deductions	n/a	(\$22,333.59)
<b>Total Net Amount Paid to Former Clerk</b>	<b>3,196.01</b>	<b>\$42,300.32</b>

**Note 1:** Vacation Hours and Wages includes 104.75 hours, or \$2,339.07, for the final vacation hours paid out upon the former Clerk's termination.

**Note 2:** In April 2014, the Board voted to make the salary increases retroactive to January 2014.

### *Wage Rate Review*

The March 2014 Board meeting minutes document the approval of a salary increase of \$0.65 per hour, from \$21.68 per hour to \$22.33 per hour, for the former Clerk. This hourly rate, along with an additional \$250 per month for the Zoning Administrator's salary, agreed to Village Ordinance 2014-4 (September 16, 2014).

However, the APA found no indication of how overtime hours were to be calculated in the former Clerk's hiring letter, Village ordinances and personnel policies, or Board meeting minutes. The former Clerk received overtime pay on 46.5 hours at one and-a-half times her normal hourly pay rate, resulting in a total of \$1,538.43 in overtime wages during the period examined. The Board should clarify how overtime pay is earned, including the rate to be paid and the manner of calculating overtime hours, in its personnel policies.

Typically, overtime pay is earned for time ***worked*** in excess of 40 hours during a normal work week. The APA determined, however, that the former Clerk received overtime pay during the same weeks in which she was given paid holiday leave. During those pay periods, the former Clerk did not work 40 hours prior to receiving overtime pay.

### *Hours Paid Review*

The APA reviewed three of the former Clerk's paychecks to ensure the hours paid agreed to her time cards.

The January 20, 2015, Board meeting minutes contain the following information regarding employee timekeeping:

*Timekeeping was discussed. Current calculations are rounded up/down to 15 minute increments. Miller moved to calculate timecards by the actual minute and not rounding up or down for payroll being effective immediately. Lloyd seconded. Voting in favor: Miller, Lloyd, Burklund, Peterson and Hartshorn, against: none. Motion carried.*

Prior to January 2015, as noted in the above excerpt, the Village rounded the total employee time worked to the nearest 15 minutes. Because all three of the paychecks tested were issued during that period, the APA followed the same time-rounding practice. Our review revealed the following issues:

- None of the time cards were signed or initialed to indicate that they had been subject to a separate review.

- The May 23, 2014, paycheck included 11.5 hours of paid vacation, but the time cards indicated that only eight hours of vacation had been used. From the time cards provided, the APA was unable to determine when the other 3.5 hours of vacation had been used.
- Clock-in / clock-out times were manually entered on 6 out of 26 work days tested, rather than being recorded by the time clock. Furthermore, only one day included an explanation for the manually entered time.
- The former Clerk clocked in and out for lunch on only 2 of 26 work days tested, despite working at least eight or more hours during half of those work days.

The Board lacked personnel policies that specified whether 1) a lunch break was mandatory; 2) employees were required to clock out for lunch; or 3) the lunch break was included in work time paid by the Village. Standard business practices require employees to take at least one half hour for lunch when working eight hours or more per day.

Without an adequate segregation of duties over the Village's payroll process, there is an increased risk of loss of misuse of Village funds. Additionally, a lack of adequate policies addressing overtime pay and lunch breaks increases not only the risk for loss or misuse of Village funds but also exposure to potential litigation should employees dispute their pay.

We recommend the Board implement procedures to ensure an adequate segregation of duties over the payroll process. Such procedures should include the review and approval of employee time cards by a Board member prior to payment. Finally, the Board should consider the need for additional personnel policies related to overtime pay and lunch breaks.

### **3. Fuel Charges**

The APA reviewed all of the credit card statements that were on file at the Village and specifically compared the statements for the First Bankcard VISA account to the amounts paid from the accounting system. No unusual or personal items were found from the information provided to us. However, the APA did find some concerns regarding fuel purchases made on account.

The Village uses three separate charge cards to fuel its vehicles at a local Frontier Cooperative Company facility. Because fuel charge cards are at particularly high risk of misuse, the APA performed a limited review of the Village's fuel charges. The following table details the purchases made with the Villages' three fuel charge cards during the period tested:

<b>Card Number</b>	<b>Department</b>	<b>Responsible Individual</b>	<b>Total Charges</b>
2202	Police	Steve Anderson, Police Chief	\$3,338.77
2652	Water	Brian Roland, Water and Sewer Commissioner	\$4,672.93
2653	Street	Craig Benes, Streets and Parks Commissioner	\$7,580.16
			<b>\$15,591.86</b>

According to the current Clerk, copies of all three fuel charge cards, with account numbers identical to those on the cards held by the above individuals, are maintained at the Village office. Consequently, the APA was unable to determine who actually used the charge cards for the purchases tested.

The APA prepared a summary of fuel purchases by month, included in **Exhibit A**, which reveals higher fuel purchases in the summer months. Fuel costs for the period tested averaged \$781.25 per month.

The APA determined that the Village did not require signed receipts for fuel purchases by the card user in order to reconcile those purchases with the monthly card statements and to ensure that all purchases were reasonable, having been made by authorized individuals for Village vehicles.

The APA also identified some non-fuel purchases charged to the Village's account with Frontier Cooperative Company. Those purchases are shown in **Exhibit B** and included items such as oil, fertilizer, and propane, which were not assigned to a specific card.

Furthermore, the APA found four other card numbers on the monthly statements having only one charge during the period tested. A summary of those additional fuel card purchases is shown below:

Card No.	Date	Gas Type	Qty	Unit Price	Extended Price	Fed Gas Exemption	Total Charge
C01303	11/21/2014	Super Nolead Gas	14.947	\$ 2.899	\$ 43.33	\$ (2.73)	\$ 40.60
C05507	1/17/2014	E-15	15.578	\$ 3.099	\$ 48.28	\$ (2.85)	\$ 45.43
C55503	12/11/2013	E-15	11.583	\$ 2.999	\$ 34.74	\$ (2.12)	\$ 32.62
C55509	1/31/2014	E-15	13.994	\$ 3.099	\$ 43.37	\$ (2.56)	\$ 40.81
		<b>Totals</b>	<b>56.102</b>		<b>\$ 169.72</b>	<b>\$ (10.26)</b>	<b>\$ 159.46</b>

Also attached to the charge card statements were nine other receipts that appeared to have been for purchases made with a private credit card ending in x9973. None of those expenditures reflected the Federal Gas Tax Exemption that accompanied purchases made with a Village fuel charge card. The details of the nine transactions are as follows:

Card No.	Date	Gas Type	Qty	Unit Price	Extended Price	Fed Gas Exemption	Total Charge
N/A	5/19/2014	Diesel #2 Hwy (Clear)	22.867	\$3.799	\$86.87	\$0.00	\$86.87
N/A	5/19/2014	Super Unlead Cardtrol	36.497	\$3.499	\$127.70	\$0.00	\$127.70
N/A	5/21/2014	Super Unlead Cardtrol	25.485	\$3.499	\$89.17	\$0.00	\$89.17
N/A	5/21/2014	Diesel #2 Hwy (Clear)	11.895	\$3.799	\$45.19	\$0.00	\$45.19
N/A	5/21/2014	Diesel #2 Hwy (Clear)	7.295	\$3.799	\$27.71	\$0.00	\$27.71
N/A	5/29/2014	Super Nolead Gas	38.309	\$3.449	\$132.13	\$0.00	\$132.13
N/A	5/29/2014	Diesel #2 Hwy (Clear)	7.280	\$3.749	\$27.29	\$0.00	\$27.29
N/A	6/9/2014	Diesel #2 Hwy (Clear)	14.171	\$3.799	\$53.84	\$0.00	\$53.84
N/A	6/9/2014	Super Nolead Gas	18.611	\$3.499	\$65.12	\$0.00	\$65.12
<b>9</b>			<b>182.410</b>		<b>\$655.02</b>	<b>\$0.00</b>	<b>\$655.02</b>

See **Exhibit C** for images of these receipts. It appears that the Village may have paid slightly higher costs for these transactions because the Federal Gas Tax Exemption was not received. Therefore, the APA is presenting these for further review by the Board.

Without adequate controls over, as well as periodic reviews of higher risk transactions, such as fuel charge card purchases, there is an increased risk of loss or misuse of public funds.

We recommend the Village require signed receipts for all fuel charge card purchases. These receipts should then be reconciled to the monthly charge card statements to ensure that all expenditures were reasonable, having been made by authorized individuals and for Village vehicles.

#### **4. Other Questionable Payments**

The APA identified a number of other questionable Village expenditures, as summarized below.

##### *Donations*

The APA found that the Village made several donations, including two for \$100 each to the Raymond Central Post Prom Party.

Such donations appear suspect in light of certain State statutes. For instance, Neb. Rev. Stat. § 13-604 (Reissue 2012) authorizes a municipality “to spend its own revenue and other available resources” for any lawful purpose, including the following:

*(1) Ordinary and necessary maintenance and operating expenses for (a) public safety, including law enforcement, fire protection, and building code enforcement; (b) environmental protection, including sewage disposal, sanitation and pollution abatement; (c) public transportation, including transit systems for streets and roads; (d) health; (e) recreation; (f) libraries; (g) social services as defined in section 68-1202; and (h) financial administration . . .*

Similarly, the Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2012), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to villages, among numerous other entities, by both subsections (2) and (3) of § 13-2202. Nowhere in the Act is provision made for the donation of public funds for prom parties or other such activities.

While the above sources allow for some leeway in the expenditure of public funds by municipalities, an Attorney General’s opinion provides further clarification.

The basic question addressed by Op. Att’y Gen. No. 94024 (March 24, 1994) was whether a city of the second class could provide funding to a nonprofit organization to aid in operating a community recreation and fitness center. The Attorney General quoted a Nebraska Supreme Court opinion, *United Community Services v. Omaha Nat’l Bank*, 162 Neb. 786, 794-795, 77 N.W.2d 576, 584 (1956), in which the Court held that a public power district could not make a donation to a local charity:

*In this jurisdiction, under the general powers granted public corporations, the revenues derived are required to be devoted to the purposes for which the corporation is being operated, that is, the payment of operating expenses, indebtedness, and repairs, extensions, and improvements of the facilities. The diversion of the revenue to purposes other than these cannot be approved as incident thereto. While we are not unmindful of the fact there is some reasonable basis for the argument made, particularly in view of the evidence adduced to the effect that these contributions bring some benefits to the district and therefore should be considered as operating expenses, we think the matter of subjecting all such public corporations to solicitations by all classes of nonprofit agencies serving a public purpose is a matter of such grave public concern that it should be left with the Legislature which has plenary power over them. The pros and cons of the matter can be fully presented and that body determines the public policy in regard thereto. We think the purposes served by these agencies are very worthy of everyone’s charity but whether or not the revenue of public corporations should be permitted to be contributed for those purposes through these agencies, and to what extent, is, we think, a matter for the Legislature and not the courts. In the absence of express statutory authorization we find the district was without authority to make these contributions.*

In applying this approach, the Attorney General explained the following:

*We have reviewed the statutes relating to the powers of cities of the second class. Based upon this review, it appears that the Legislature has not granted cities of the second class authority to expend general public revenues to provide donations or assistance to charitable organizations . . . . The Legislature has not . . . specifically authorized the expenditure of general public revenues as a donation to an organization such as the Foundation for the purpose described in your request.*



Thus, the Attorney General concluded by noting the Court's holding that "absent legislative authorization, the power district, as a public corporation, could not donate funds to charitable concerns."

The APA's examination of statutes applicable to the Village failed to identify any specific legislative grant of authority for making the type of donation addressed herein.

The APA also found that the Village made a donation of \$1,333.33 to the Ceresco Days Committee for fireworks that might be questionable under the above-stated criteria. An argument could be made that fireworks qualify under Neb. Rev. Stat. § 13-604(1)(e), "recreation." However, additional questions arose regarding the legality of this payment, as this organization did not appear to have made formal business filings of any kind with the Nebraska Secretary of State. This uncertainty gives rise to questions regarding the legal status and function of this organization, to which Village funds have been paid.

#### *Internet Services*

During the period tested, the Village received free internet service. Throughout that same time, however, the Village also paid for 17 months of internet service through AOL Online. Those monthly costs ranged from \$37.99 to \$40.99, for a total of \$675.83. With the termination of the former Clerk in December 2014, the current Clerk promptly cancelled the unnecessarily duplicative service and stopped all payments relating thereto.

#### *Payments to Petty Cash*

According to the current Clerk, the Village maintains a \$150 petty cash fund administered by the Clerk for small expenditures, such as postage costs or purchases of inexpensive supplies. When the petty cash fund runs low, the Clerk writes and cashes a check to replace the funds used.

The APA identified three checks, totaling \$259.65, made payable to petty cash, as follows:

Date	Check No.	Memo	Amount
01/20/2015	44005	petty cash	(\$147.00)
02/17/2015	44064	petty cash	(\$54.94)
04/21/2015	44200	petty cash	(\$57.71)
<b>Total</b>			<b>(\$259.65)</b>

Because petty cash funds are at high risk of abuse, the Board should consider implementing procedures for both monitoring payments to replenish the Village's petty cash fund and carrying out periodic counts of cash on hand in the fund. The Board should also consider formalizing petty cash policies, such as the amount to be maintained in the fund, the level at which the fund is to be replenished, and the documentation to be maintained for petty cash expenditures and replenishment alike.

#### *Vehicle Repairs and Maintenance and Other Purchases*

The APA noted several Village purchases for various vehicle repair and maintenance and other supplies, as summarized by vendor in the table below.

Name	Amount
Otte Oil & Propane	(\$26,640.77)
Walker Tire	(\$4,000.00)
Sid Dillon	(\$2,376.93)
Auto Alley, Inc.	(\$1,435.13)
Cross Dillon Tire	(\$1,366.06)
Wahoo Auto Parts	(\$965.44)



<b>Name</b>	<b>Amount</b>
Interstate All Battery Center	(\$501.29)
Sid Dillon Ford	(\$429.71)
Carquest of Havelock	(\$202.39)
NAPA Wahoo	(\$80.16)
Carquest Auto Parts Stores	(\$79.54)
Ashland Auto Parts	(\$35.98)
<b>Grand Total</b>	<b>(\$38,113.40)</b>

See also **Exhibit D** for the details of each payment made to the above vendors.

Because vehicle maintenance and other supply expenditures could be for either Village or personal use, these types of payments pose a higher risk for loss or misuse of Village funds. Additionally, good internal controls require additional monitoring procedures over higher-risk transactions, such as those mentioned above, in order to reduce the risk of loss or misuse of public funds. Therefore, the Board should review detailed supporting documentation to ensure all such payments are for reasonable and necessary expenses of the Village.

We recommend the Board implement procedures to ensure all payments, especially those involving a higher risk of abuse, are for reasonable and necessary expenses of the Village. This would include at least one Board member reviewing each transaction's supporting documentation for the purpose of making such a determination. We also recommend the Village consult with its Attorney regarding the legality of the aforementioned donations, as well as any other possible contributions, to ensure those expenditures are an allowable use of public funds. We also recommend the Village confirm the legal status and function of any recipient of public funds. Finally, the Board should consider developing formal policies for the use of its petty cash fund.

## **5. Utility Billings**

The Village charges customers for utility services, including water, sewer, and trash. Chapter 7 of the Village's Ordinances, entitled "Public Utilities," contains the Village's regulations for its utilities. Village Ordinance § 7-104 (February 18, 2014) provides that the combined billings for all utilities are to be mailed on the 5<sup>th</sup> of each month and become due on the 25<sup>th</sup> of the same month. Section 7-105 adds the following:

*[R]ates for water and sewer usage during each monthly billing cycle of the village Utilities Department shall be as set by the Village Board and placed on file in the office of the village clerk for public inspection.*

The actual rates charged to customers are established in the Village of Ceresco Master Fee Schedule, Resolution 4-2014 (May 20, 2014), as shown below:

UTILITIES		
TABLE OF RATES WATER- PER MONTH		
<u>Total Water Used</u>	<u>Rural User</u>	<u>All Other Users</u>
Base Charge	\$22.85	\$19.00
From 0-10,000 gallons	\$1.43 per 1000 gal.	\$1.40 per 1000 gal.
From 10, 001-40,000 gallons	\$1.92 per 1000 gal.	\$1.80 per 1000 gal.
From 40,001-60,000 gallons	\$2.16 per 1000 gal.	\$2.00 per 1000 gal.
Over 60,000 gallons	\$4.18 per 1000 gal.	\$3.70 per 1000 gal.
TABLE OF RATES SEWER- PER MONTH		
Base Charge	\$20.00	
\$3.00 per 1000 gallons of average water usage for months of December, January, and February		

The APA obtained the monthly utility billing reports from the Village of Ceresco and compared the June 2014 rates billed to the resolution. Recalculated for a sample of five customers, the sewer bills agreed to the rates in the resolution.

When calculating the billings for all of the Village's water customers, however, the APA found that the rates charged to eight of those individuals did not agree to those in the resolution.

Seven of the residential water customers were not charged the base charge of \$19. The APA could not determine how the eighth customer was billed, as the rate was not in accordance with those established in the resolution or based on the documented water usage. The table below outlines the discrepancies noted.

Account	Name	Water Usage	Amount Charged	APA Calculated	Over(Under) Charged	APA Note
1 258	Srram, Inc.	85500	\$176.00	\$221.35	(\$45.35)	Rate was calculated incorrectly
2 269	B & P Apartments	2300	\$3.22	\$22.22	(\$19.00)	Customer was not charged the \$19 base charge
3 270	B & P Apartments	1800	\$2.52	\$21.52	(\$19.00)	Customer was not charged the \$19 base charge
4 271	B & P Apartments	3000	\$4.20	\$23.20	(\$19.00)	Customer was not charged the \$19 base charge
5 272	B & P Apartments	5900	\$8.26	\$27.26	(\$19.00)	Customer was not charged the \$19 base charge
6 383	B & P Apartments	2700	\$3.78	\$22.78	(\$19.00)	Customer was not charged the \$19 base charge
7 392	RC Public School Hi Flo	6500	\$9.10	\$28.10	(\$19.00)	Customer was not charged the \$19 base charge
8 399	B & P Apartments	2100	\$2.94	\$21.94	(\$19.00)	Customer was not charged the \$19 base charge
<b>Total</b>			<b>\$210.02</b>	<b>\$388.37</b>	<b>(\$178.35)</b>	

When utility billings are not calculated in accordance with established rates, there is an increased risk for not only the loss of public funds but also the failure of the incorrect billings to cover the actual costs of the services provided.

We recommend the Village review the accounts identified above to determine whether the water billings at issue were calculated correctly and, if so, the Master Fee Schedule in Resolution 4-2014 should be revised accordingly.

## **6. Pet License Receipts**

The licensing fees for cats and dogs are required and set by resolution according to Village Ordinance, Chapter 3, Articles 2 and 3 (February 18, 2014). The Master Fee Schedule established by Resolution 4-2014 includes a \$10 annual dog license fee, a \$3 annual cat license fee for a spayed or neutered cat, or a \$5 annual cat license fee for a cat that has not been spayed or neutered.

Upon receipt of the fee for a pet license, the pet owner receives a copy of the Pet License Form, which is numbered in chronological order. The pet owner also receives a metal tag, as well as a Village receipt

for any cash paid for the license. The money collected is then recorded in the accounting system by the Clerk, and deposited to the bank. This process allows for license tag numbers issued to be compared to the amount of money received and deposited for such licenses.

The APA reviewed all pet licenses issued from October 1, 2013, to September 30, 2014, and determined that the Village received a total of \$1,609 in related licensing fees for the year. However, the APA found the amount recorded in the Village's accounting system to be \$1,634. These two amounts were compared, as follows:

Pet Licenses Reconciliation	
Total per Pet Licenses	\$1,609.00
Total per Accounting System	\$1,634.00
<b>Difference</b>	<b>(\$25.00)</b>

The variance of \$25 for fiscal year 2014 is insignificant, and more money was recorded on the general ledger than the pet licenses, so no further review of the variance was considered necessary.

Transactions involving primarily cash receipts, such as pet licenses, pose a higher risk for loss or misuse of Village funds. Additional control procedures are needed, therefore, to reduce that increased risk.

We recommend the Village reconcile pet licenses issued to pet license money received and deposited, on at least an annual basis, using a method similar to that described above.

\* \* \* \* \*

Being designed primarily on a test basis, our audit procedures may not bring to light all weaknesses that may exist in Village policies or activities examined. Our objective is, however, to use our knowledge of the Village to make comments and suggestions that we hope will be useful to the Village's management.

This communication is intended solely for the information and use of the Village and its management. It is not intended to be, and should not be, used by anyone other than the specified parties. However, this letter is a matter of public record, and its distribution is not limited.

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

Sincerely,



Mary Avery  
Special Audits and Finance Manager  
Auditor of Public Accounts  
Room 2303, State Capitol  
Lincoln, NE 68509  
Phone 402-471-3686  
[mary.avery@nebraska.gov](mailto:mary.avery@nebraska.gov)

Village of Ceresco  
**Frontier Coop. Co. Charges By Month**  
October 1, 2013, through July 8, 2015

**Exhibit A**

Month Charged	Month Paid	Qty	Extended Price	Fed Gas Exemption	Total Charge
September 2013	October 2013	184.197	\$666.05	(\$36.91)	\$629.14
October 2013	November 2013	193.805	\$628.73	(\$36.11)	\$592.62
November 2013	December 2013	161.030	\$496.81	(\$31.60)	\$465.21
December 2013	January 2014	267.195	\$891.13	(\$55.73)	\$835.40
January 2014	February 2014	241.981	\$770.29	(\$45.95)	\$724.34
February 2014	March 2014	210.007	\$690.14	(\$39.99)	\$650.15
March 2014	April 2014	175.664	\$612.09	(\$33.29)	\$578.80
April 2014	May 2014	221.622	\$797.85	(\$37.23)	\$760.62
May 2014	June 2014	326.583	\$1,168.45	(\$32.86)	\$1,135.59
June 2014	July 2014	414.233	\$1,483.32	(\$75.26)	\$1,408.06
July 2014	August 2014	386.813	\$1,386.41	(\$75.29)	\$1,311.12
August 2014	September 2014	271.498	\$937.67	(\$51.86)	\$885.81
September 2014	October 2014	290.516	\$1,010.48	(\$57.86)	\$952.62
October 2014	November 2014	229.984	\$730.05	(\$43.72)	\$686.33
November 2014	December 2014	313.326	\$1,023.28	(\$63.13)	\$960.15
December 2014	January 2015	172.649	\$453.55	(\$32.20)	\$421.35
January 2015	February 2015	291.566	\$614.35	(\$54.56)	\$559.79
February 2015	March 2015	321.214	\$812.86	(\$69.69)	\$743.17
March 2015	April 2015	251.785	\$631.86	(\$47.93)	\$583.93
April 2015	May 2015	274.082	\$664.04	(\$52.16)	\$611.88
May 2015	June 2015	374.048	\$987.42	(\$77.16)	\$910.26
<b>Total Gasoline Purchases</b>		<b>5,573.798</b>	<b>\$17,456.83</b>	<b>(\$1,050.49)</b>	<b>\$16,406.34</b>
<b>Monthly Gas Averages</b>		<b>265.419</b>	<b>\$831.27</b>	<b>(\$50.02)</b>	<b>\$781.25</b>
<b>Total Non-Gas Purchases</b>	<b>(See Exhibit B)</b>	<b>885.700</b>	<b>\$2,075.09</b>	<b>\$0.00</b>	<b>\$2,075.09</b>
<b>Grand Totals</b>		<b>6,459.498</b>	<b>\$19,531.92</b>	<b>(\$1,050.49)</b>	<b>\$18,481.43</b>

Village of Ceresco  
**Frontier Coop. Co. Non-Gas Charges**  
October 1, 2013, through July 8, 2015

**Exhibit B**

Date	Gas Type	Qty	Unit Price	Extended Price	Discount	Total Charge	APA Notes
9/21/2013	Propane	500.500	\$1.499	\$750.25	(\$50.05)	\$700.20	A discount of \$12 was offered on a different propane invoice, so it appears the Clerk applied a similar discount to this one as well; however, the check was not received within the discount period, so the discount was repaid on the next statement.
9/21/2013	Propane	223.200	\$1.499	\$334.58	(\$22.32)	\$312.26	
10/5/2013	Propane	120.000	\$1.449	\$173.88	(\$12.00)	\$161.88	A discount of \$12 was offered if this invoice was paid by 10/15/2013. The check was dated 10/15/13, but Frontier Cooperative Company did not receive the check until 10/18/13. Thus, the discount was repaid on the next statement.
10/18/2013	Propane				\$84.37	\$84.37	This is the repayment of the previously noted discounts.
12/30/2013	Qwiklift HTB	2.500	\$14.500	\$36.25	\$0.00	\$36.25	
2/11/2014	Super TMS 15w-40	30.000	\$13.490	\$404.70	\$0.00	\$404.70	
7/21/2014	Cornerstone 5 Plus (Fertilizer)	2.500	\$27.630	\$69.08	\$0.00	\$69.08	
8/8/2014	Multigear 80w90 (Oil)	5.000	\$44.750	\$223.75	\$0.00	\$223.75	
3/23/2015	Pramitol (Fertilizer)	2.000	\$41.300	\$82.60	\$0.00	\$82.60	
	<b>Totals</b>	<b>885.700</b>		<b>\$2,075.89</b>	<b>\$0.00</b>	<b>\$2,075.09</b>	

Village of Ceresco  
**Frontier Coop. Co. Unusual Receipts**  
 October 1, 2013, through July 8, 2015

Exhibit C

*Ceresco Village*

Frontier Cooperative  
 321 S. 1st St.  
 Ceresco, NE 6801  
 402-665-3101

05/19/2014 08:30 AM  
 Reference #:23217  
 FRONTIER COOP Full Service

Pump #: 02

Description	Qty	Price	Amount
Super	36.497g	3.499	127.70
Sub Total			127.70
TOTAL			127.70
Credit Card Payment			
Private XXXXXXXXXXXX9973			127.70

Thank You

*Ceresco Village*

Frontier Cooperative  
 321 S. 1st St.  
 Ceresco, NE 6801  
 402-665-3101

05/19/2014 08:40 AM  
 Reference #:23219  
 FRONTIER COOP Full Service

Pump #: 04

Description	Qty	Price	Amount
Clear	22.867g	3.799	86.87
Sub Total			86.87
TOTAL			86.87
Credit Card Payment			
Private XXXXXXXXXXXX9973			86.87

Thank You

*Back hoe*

Frontier Cooperative  
 321 S. 1st St.  
 Ceresco, NE 6801  
 402-665-3101

05/21/2014 11:47 AM  
 Reference #:23304  
 FRONTIER COOP Full Service

Pump #: 03

Description	Qty	Price	Amount
Clear	11.895g	3.799	45.19
Sub Total			45.19
TOTAL			45.19
Credit Card Payment			
Private XXXXXXXXXXXX9973			45.19

Thank You

*Mowers & fuel Cons*

Frontier Cooperative  
 321 S. 1st St.  
 Ceresco, NE 6801  
 402-665-3101

05/21/2014 12:04 PM  
 Reference #:23306  
 FRONTIER COOP Full Service

Pump #: 02

Description	Qty	Price	Amount
Super	25.485g	3.499	89.17
Sub Total			89.17
TOTAL			89.17
Credit Card Payment			
Private XXXXXXXXXXXX9973			89.17

Thank You

*J. Dene Mower*

Frontier Cooperative  
 321 S. 1st St.  
 Ceresco, NE 6801  
 402-665-3101

05/21/2014 12:08 PM  
 Reference #:23307  
 FRONTIER COOP Full Service

Pump #: 03

Description	Qty	Price	Amount
Clear	7.295g	3.799	27.71
Sub Total			27.71
TOTAL			27.71
Credit Card Payment			
Private XXXXXXXXXXXX9973			27.71

Thank You

Frontier Cooperative  
 321 S. 1st St.  
 Ceresco, NE 6801  
 402-665-3101

05/29/2014 08:45 AM  
 Reference #:23594  
 FRONTIER COOP Full Service

Pump #: 02

Description	Qty	Price	Amount
Super	38.309g	3.449	132.13
Sub Total			132.13
TOTAL			132.13
Credit Card Payment			
Private XXXXXXXXXXXX9973			132.13

Thank You

Frontier Cooperative  
 321 S. 1st St.  
 Ceresco, NE 6801  
 402-665-3101

05/29/2014 08:52 AM  
 Reference #:23595  
 FRONTIER COOP Full Service

Pump #: 04

Description	Qty	Price	Amount
Clear	7.280g	3.749	27.29
Sub Total			27.29
TOTAL			27.29
Credit Card Payment			
Private XXXXXXXXXXXX9973			27.29

Thank You

Village of Ceresco  
**Frontier Coop. Co. Unusual Receipts**  
October 1, 2013, through July 8, 2015

**Exhibit C**

Frontier Cooperative  
321 S. 1st St.  
Ceresco, NE 6801  
402-665-3101

06/06/2014 09:37 AM  
Reference #:23929  
FRONTIER COOP Full Service

Pump #: 04

Description	Qty	Price	Amount
Clear	14.171g	3.799	53.84
Sub Total			53.84
TOTAL			53.84
Credit Card Payment			
Private XXXXXXXXXXXX9973			53.84
Thank You			

Frontier Cooperative  
321 S. 1st St.  
Ceresco, NE 6801  
402-665-3101

06/06/2014 09:03 AM  
Reference #:23926  
FRONTIER COOP Full Service

Pump #: 02

Description	Qty	Price	Amount
Super	18.611g	3.499	65.12
Sub Total			65.12
TOTAL			65.12
Credit Card Payment			
Private XXXXXXXXXXXX9973			65.12
Thank You			



Village of Ceresco  
**Vehicle Repairs and Maintenance**  
October 1, 2013, through July 8, 2015

**Exhibit D**

Date	Check No.	Name	Memo	Amount
12/17/2013	42452	Otte Oil & Propane	1-12422	(\$1,065.18)
01/21/2014	42552	Otte Oil & Propane	1-12422	(\$2,923.92)
02/14/2014	42630	Otte Oil & Propane	1-12422	(\$3,139.55)
03/18/2014	42699	Otte Oil & Propane	1-12422	(\$2,572.41)
04/15/2014	42778	Otte Oil & Propane	1-12422	(\$1,037.64)
05/16/2014	42848	Otte Oil & Propane	1-12422	(\$1,546.72)
07/15/2014	43006	Otte Oil & Propane	113141	(\$702.18)
12/16/2014	43900	Otte Oil & Propane	113141	(\$2,166.92)
01/20/2015	43994	Otte Oil & Propane	113141	(\$2,166.92)
02/17/2015	44074	Otte Oil & Propane	113141	(\$5,960.75)
03/17/2015	44135	Otte Oil & Propane	113141	(\$1,166.06)
04/21/2015	44225	Otte Oil & Propane	113141	(\$1,880.12)
05/19/2015	44290	Otte Oil & Propane	113141	(\$312.40)
		<b>Otte Oil &amp; Propane Total</b>		<b>(\$26,640.77)</b>
12/17/2013	42475	Walker Tire	4013650	(\$3,980.00)
04/15/2014	42795	Walker Tire	4015046	(\$20.00)
		<b>Walker Tire Total</b>		<b>(\$4,000.00)</b>
08/19/2014	43094	Sid Dillon	CVCS 31673	(\$978.04)
01/20/2015	43992	Sid Dillon	Brian's Truck	(\$21.00)
02/17/2015	44062	Sid Dillon	VCeresco	(\$77.89)
04/27/2015	44233	Sid Dillon	return of curb cut deposit after approval by Bob Walla	(\$1,300.00)
		<b>Sid Dillon Total</b>		<b>(\$2,376.93)</b>
12/17/2013	42438	Auto Alley, Inc.	250649	(\$238.76)
02/14/2014	42608	Auto Alley, Inc.	251596	(\$28.97)
03/18/2014	42678	Auto Alley, Inc.	251596	(\$261.63)
04/15/2014	42753	Auto Alley, Inc.	251596	(\$18.72)
05/16/2014	42829	Auto Alley, Inc.	253358	(\$235.03)
06/17/2014	42901	Auto Alley, Inc.	1015	(\$46.49)
08/19/2014	43063	Auto Alley, Inc.	1015	(\$334.65)
09/12/2014	43140	Auto Alley, Inc.	1015	(\$199.00)
12/12/2014	43889	Auto Alley, Inc.	1015	(\$71.88)
		<b>Auto Alley, Inc. Total</b>		<b>(\$1,435.13)</b>
03/17/2015	44123	Cross Dillon Tire	1346941	(\$1,366.06)
		<b>Cross Dillon Tire Total</b>		<b>(\$1,366.06)</b>
10/15/2013	42325	Wahoo Auto Parts		(\$78.28)
08/19/2014	43100	Wahoo Auto Parts		(\$9.95)
09/12/2014	43170	Wahoo Auto Parts	1588	(\$166.71)
10/21/2014	43758	Wahoo Auto Parts	1588	(\$384.80)
02/17/2015	44065	Wahoo Auto Parts	1588	(\$325.70)
		<b>Wahoo Auto Parts Total</b>		<b>(\$965.44)</b>
12/17/2013	42444	Interstate All Battery Center	1710302004566-4636	(\$109.69)
04/15/2014	42766	Interstate All Battery Center	1710302004566-4636	(\$28.79)
07/15/2014	43000	Interstate All Battery Center	1710302004566-4636	(\$51.55)
08/19/2014	43073	Interstate All Battery Center	1710302004566-4636	(\$89.98)
09/12/2014	43147	Interstate All Battery Center	1710302004566-4636	(\$28.80)
11/10/2014	43815	Interstate All Battery Center	1710302004566-4636	(\$74.89)
04/21/2015	44209	Interstate All Battery Center	C71030000000492	(\$99.60)
05/19/2015	44284	Interstate All Battery Center	C71030000000492	(\$17.99)
		<b>Interstate All Battery Center Total</b>		<b>(\$501.29)</b>

Village of Ceresco  
**Vehicle Repairs and Maintenance**  
 October 1, 2013, through July 8, 2015

**Exhibit D**

<b>Date</b>	<b>Check No.</b>	<b>Name</b>	<b>Memo</b>	<b>Amount</b>
12/08/2014	43885	Sid Dillon Ford	00366	(\$19.25)
06/16/2015	44378	Sid Dillon Ford	00366	(\$410.46)
		<b>Sid Dillon Ford Total</b>		<b>(\$429.71)</b>
11/19/2013	42367	Carquest of Havelock	2726-242112	(\$8.35)
02/14/2014	42611	Carquest of Havelock	2726-247443	(\$31.12)
04/15/2014	42758	Carquest of Havelock	2726-247443	(\$162.92)
		<b>Carquest of Havelock Total</b>		<b>(\$202.39)</b>
04/22/2015	44241	NAPA Wahoo	260041	(\$80.16)
		<b>NAPA Wahoo Total</b>		<b>(\$80.16)</b>
03/17/2015	44149	Carquest Auto Parts Stores		(\$79.54)
		<b>Carquest Auto Parts Stores Total</b>		<b>(\$79.54)</b>
02/17/2015	44044	Ashland Auto Parts		(\$35.98)
		<b>Ashland Auto Parts Total</b>		<b>(\$35.98)</b>
		<b>Grand Total</b>		<b>(\$38,113.40)</b>