

**ATTESTATION REPORT
OF THE
VILLAGE OF GREENWOOD**

OCTOBER 1, 2016, THROUGH SEPTEMBER 30, 2017

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Issued on October 25, 2018

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VILLAGE OF GREENWOOD

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VILLAGE OF GREENWOOD

BACKGROUND

The Village of Greenwood (Village) is located in Cass County, Nebraska. The Village Board of Trustees (Board) is the governmental body that exercises financial accountability and control over activities relevant to the operations of the Village. The Village receives funding from State and local government sources and must comply with the requirements of these funding sources. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, the ability to exert significant influence over all Village operations, and the primary responsibility for related fiscal matters.

The APA received concerns related to the Village dating back to September 2017. At that time, the APA began requesting certain pieces of financial information, including bank statements and bank reconciliations. The Village was required to submit an audit for its fiscal year ending September 30, 2017. The deadline for the audit was within six months after the close of the year end.

On April 13, 2018, the APA notified the Village that an audit report for fiscal year ended September 30, 2017, had not been received. On May 2, 2018, the APA held a public hearing, and the State Treasurer was notified to begin withholding funds due to the Village from the State.

The APA has made two separate visits to the Village since that time and also attended a Village Board meeting. On July 10, 2018, the Village engaged the services of HBE LLP, its former auditor, to assist with various bookkeeping functions, including consultation on record keeping, recording of transactions, and periodic adjustments, amongst others. Reconciling the general ledger accounts was also agreed upon for the engagement.

During the audit period, the Village was comprised of the following members:

Member	Effective Dates	Board Chair Dates
David Moll	December 2012 to December 2016	Beginning of audit period – October 2016 through December 2016
Michelle Criswell	December 2014 to July 26, 2017	December 2016 to July 26, 2017
Jim Wrich	December 2012 to December 2016 and September 13, 2017, to March 28, 2018	September 13, 2017, to March 28, 2018
Don Wilken	April 2018 to current	May 30, 2018, to current
Harry Swenson	December 2012 to December 2016	
Larry Meyer	December 2014 to current	
Kevin Gerlach	December 2016 to current	
Megan Piehl	December 2016 to current	
Matt Starr	December 2016 to current	

Marcia Fiala acted as the Village Clerk (Clerk) for the entire fiscal year – October 1, 2016, through September 30, 2017. Ms. Fiala terminated her employment with the Village on February 23, 2018, but continued to provide temporary services to the Village through June 18, 2018.

Megan Piehl provided temporary clerking services to the Village from February 26, 2018, through June 18, 2018.

Susan Weichel was hired as Clerk on April 25, 2018, but resigned on June 13, 2018.

Cheris Cadwell is the current Clerk, with a hire date of June 18, 2018.

The Village also paid other individuals and its auditing firm to help with the accounting functions of the office.

VILLAGE OF GREENWOOD

SUMMARY OF COMMENTS

During our examination of the Village of Greenwood (Village), we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #1 (Village Accounting Processes), #2 (Lack of Documentation to Support Expenses), and #5 (Internal Controls), which are all considered to be either material noncompliance or material weaknesses.

It should be noted that the APA's use of various qualifying words – including “alleged,” “possible,” or “suspected” – in comments describing certain incidents or activities serves to prevent a report comment from being misconstrued as imputing criminality. However, utilization of such modifying terms does not indicate a lack of supporting documentation for the report comment or any other insufficiency or shortcoming relating thereto.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Village Accounting Processes:*** The Village's financial accounting processes have a number of problems, including a lack of accurate bank reconciliations, incorrectly recorded revenues, unclassified expenses, bond/debt payments incorrectly recorded, the use of a discrepancy account in the accounting system, incorrect recording of motor vehicle taxes, a possible duplicate payment, and other accounting errors.
2. ***Lack of Documentation to Support Expenses:*** The APA tested 15 payments and found issues with each payment tested, including the lack of claims detailed in the published meeting minutes, lack of adequate documentation, such as invoices, receipts, and contracts or agreements to support the expenses, the payment of sales taxes, lack of sufficient information to support whether statutory bidding requirements were met, lack of inventory statements, and payments not classified in the accounting system.
3. ***Customer Utility Account Testing:*** The APA tested 10 utility customers, including the Clerk and three Board members, and found problems with 5 of 10 customers tested. The issues included amounts that were not properly billed or properly supported. In total, the APA estimates that in excess of \$8,000 in utilities was not properly collected from, or was unsupported for, these customers.
4. ***Clerk Pay:*** The former Clerk was overpaid by over \$1,000.
5. ***Lack of Internal Controls:*** There were a number of issues with the Village's internal control processes, including a lack of segregation of duties, untimely depositing of checks, an absence of receipts for all monies received, checks not being properly endorsed, lack of authorization for petty cash, noncompliance with State statute due to the failure of the current Clerk to sign checks, inadequate documentation for the approval of time cards and payroll reports, lack of a known fixed asset policy and inventory list, and no proper training for new employees.

More detailed information regarding the above items is provided hereinafter. This report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Village.

VILLAGE OF GREENWOOD

SUMMARY OF COMMENTS

(Concluded)

Draft copies of this report were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Where no response has been included, the Village declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS

1. Village Accounting Processes

The Village lacked personnel who could carry out appropriately the accounting functions necessary for the office. The APA identified a number of financial accounting issues, which are included below:

Bank Reconciliations

The APA could not determine the last time the Village completed an accurate bank reconciliation of its General Bank Account. Reconciliations were provided from October 2016 through May 2017; however, based on a cursory review, the reconciliations were not accurate. The Village’s prior auditor also stated that the Village bank reconciliations were inaccurate. The APA completed a bank reconciliation of all accounts as of September 2017.

Allocation of Expenses

The Village lacked documentation to support their method of allocating administrative expenses to its various funds. A significant number of transactions were not properly recorded to a class (one of the Village’s funds) in the accounting system. Thus, the Village’s CPA – its former auditor, HBE LLP – created entries at September 30, 2017, to allocate the unclassified expenses, as follows:

Costs	Total Recorded	Allocated at End of Year by HBE LLP							
		General	Street	Water	Electric	Sewer	Fire	Library	Rescue
Telephone	\$ 8,439.43	\$ 3,226.63	\$ 1,235.80	\$ 484.16	\$ 484.16	\$1,100.35	\$ 0.00	\$1,908.33	\$ 0.00
Utilities	\$ 6,004.89	\$ 1,359.22	\$ 1,385.92	\$1,187.06	\$ 74.18	\$ 782.61	\$ 863.32	\$ 352.58	\$ 0.00
Coop Fuel	\$ 8,135.80	\$ 1,090.40	\$ 1,348.73	\$ 670.43	\$ 1,090.43	\$ 866.23	\$2,621.28	\$ 0.00	\$ 448.30
Repairs	\$ 13,701.23	\$ 1,120.02	\$ 4,395.94	\$2,155.64	\$ 4,043.71	\$1,360.57	\$ 279.37	\$ 279.34	\$ 66.64
Equip Rental	\$ 1,617.54	\$ 0.00	\$ 363.95	\$ 525.70	\$ 363.95	\$ 363.94	\$ 0.00	\$ 0.00	\$ 0.00
Miscellaneous	\$ 2,038.43	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,038.43	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Operating Exp	\$ 31,740.73	\$ 2,294.40	\$ 5,425.70	\$3,866.30	\$13,479.92	\$1,655.34	\$ 823.68	\$1,042.62	\$ 3,152.77
Totals	\$ 71,678.05	\$ 9,090.67	\$14,156.04	\$8,889.29	\$21,574.78	\$6,129.04	\$4,587.65	\$3,582.87	\$ 3,667.71

The Village should record the expenses to the correct class (fund) upon payment. The Village should document its method to allocate administrative expenses to the various funds or simply charge administrative expenses to the General Fund. Any allocation method used should be approved by the Board.

Bond/Debt Payments Inaccurately Recorded

The Village did not properly record its bond payments as of September 30, 2017. The APA compared the amortization and/or debt schedules of payments to the amounts recorded in the accounting system. The General, Street, and Water Funds each included incorrectly recorded bond payments. The correct amounts were paid on each of the bonds or notes; they were simply recorded incorrectly. The following table reflects the APA’s fund calculations for the period October 1, 2016, through September 30, 2017:

Description	General Fund	Street Fund	Water Fund	Electric Fund	Sewer Fund
Per Amortization Schedules	\$118,126.21	\$ 40,938.00	\$ 61,347.50	\$3,425.00	\$3,425.00
Amounts Per GL	\$ 88,302.07	\$ 60,933.46	\$ 71,347.50	\$3,425.00	\$3,425.00
Miscellaneous Adjustments	\$ 175.86	\$ (4.54)	\$ 0.00	\$ 0.00	\$ 0.00
Variance	\$ 30,000.00	\$ (20,000.00)	\$ (10,000.00)	\$ 0.00	\$ 0.00

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS
(Continued)

1. **Village Accounting Processes** (Continued)

The General Fund was missing a payment of \$30,000 made on July 6, 2017, for the July 2015 promissory note. That amount was incorrectly included in the Water Fund.

A general obligation water refunding bond payment for \$20,000 was recorded to the Street Fund on October 3, 2016. That payment should have been recorded in the Water Fund.

Inaccurate Electric Fund Revenue

In December 2016, the Village incorrectly recorded a \$35,000 wire deposit as electric sales revenue. The deposit was actually a wire in from the Rescue Bank Account, which according to a notation in the accounting system, was to be used to purchase a cart for transporting patients.

“Ask Marcia” Account

The Village’s accounting system included an account called “Ask Marcia.” The APA surmised this account was used to record unidentified accounting transactions or discrepancies. The following transactions were included in the account for the fiscal year:

Account	Type	Date	Memo	Class	Paid Amount
Ask Marcia	General Journal	12/1/2016		Business-type Activities:03 Water	\$ (365.92)
Ask Marcia	Deposit	12/30/2016	Deposit	Business-type Activities:03 Water	\$ (4,746.07)
Ask Marcia	General Journal	12/30/2016		Business-type Activities:03 Water	\$ 1,306.85
Ask Marcia	Deposit	1/31/2017	Amount of real estate tax deposit on 1/27 that is included in utility revenue above	Business-type Activities:03 Water	\$ (1,040.01)
Ask Marcia	Deposit	2/28/2017	Deposit	Governmental Funds:01 General	\$ 500.23
Ask Marcia	Deposit	3/31/2017	Deposit	Governmental Funds:01 General	\$ 416.06
Ask Marcia	Deposit	4/28/2017	Adjustment to internal system deposit to match bank statement deposits	Governmental Funds:01 General	\$ 831.24
Ask Marcia	Deposit	5/31/2017	Correction for internal receipts to equal bank statement deposits	Governmental Funds:01 General	\$ 4,818.96
Ask Marcia	Deposit	6/30/2017	Deposit	Governmental Funds:01 General	\$ (4,115.03)
Ask Marcia	Deposit	7/31/2017	Deposit	Governmental Funds:01 General	\$ (488.76)
Ask Marcia	Deposit	8/31/2017	Deposit	Governmental Funds:01 General	\$ (9,317.24)
Ask Marcia	Deposit	8/31/2017	Deposit	Governmental Funds:01 General	\$ (5,091.93)
Ask Marcia	Deposit	9/29/2017	Deposit	Governmental Funds:01 General	\$ (5,192.87)
Total					\$ (22,484.49)

All of these transactions occurred in the General Bank Account. These entries appear to be necessary, but they are not posted to the proper revenue accounts.

Motor Vehicle Taxes Incorrectly Recorded

The Village recorded incorrect amounts in motor vehicle tax revenue from the County and also recorded the revenues to the wrong fund. The following table represents the actual motor vehicle taxes and the amount recorded by the Village for the fiscal year:

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS
(Continued)

1. Village Accounting Processes (Continued)

Month	Deposit Date	Actual MV Taxes	MV Taxes Recorded	Difference	Description
Sept 2016	11/18/2016	\$ 1,086.88	\$ 1,068.08	\$ 18.80	The Village recorded \$29.59 for motor vehicle prorated allocation and the \$10.79 VTRSRM fee as property taxes.
Oct 2016	12/2/2016	\$ 1,177.95	\$ 1,189.97	\$ (12.02)	The Village recorded \$12.02 for VTRSRM Fee as property taxes.
Nov 2016	1/4/2017	\$ 1,009.00	\$ 1,019.30	\$ (10.30)	The Village recorded \$10.03 for VTRSRM Fee as property taxes.
Dec 2016	1/27/2017	\$ 712.63	\$ 678.02	\$ 34.61	The Village recorded \$41.46 for motor vehicle prorated allocation and the \$6.85 VTRSRM fee as property taxes.
Jan 2017	3/2/2017	\$ 462.91	\$ 467.63	\$ (4.72)	The Village recorded \$4.72 for VTRSRM Fee as property taxes.
Feb 2017	4/21/2017	\$ 485.90		\$ 485.90	This amount is included in the transaction below.
Mar 2017	4/21/2017	\$ 1,095.91	\$ 1,597.95	\$ (502.04)	The variance between this month and the month above is -\$16.14. The Village recorded \$4.96 and \$11.18 VTRSRM fees as property taxes.
Apr 2017	5/19/2017	\$ 1,035.13	\$ 870.91	\$ 164.22	The Village recorded \$173.02 for motor vehicle prorated allocation and the \$8.80 VTRSRM fee as property taxes.
May 2017	7/13/2017	\$ 1,142.69	\$ 1,154.35	\$ (11.66)	The Village recorded \$11.66 for VTRSRM Fee as property taxes.
June 2017	8/31/2017	\$ 1,125.28	\$ 1,061.88	\$ 63.40	The Village recorded \$74.13 for motor vehicle prorated allocation and the \$10.73 VTRSRM fee as property taxes.
July 2017	8/31/2017	\$ 1,711.71	\$ 1,729.18	\$ (17.47)	The Village recorded \$17.47 for VTRSRM Fee as property taxes.
Aug 2017	10/27/2017	\$ 1,077.67	\$ 1,088.67	\$ (11.00)	The Village recorded \$11.00 for VTRSRM Fee as property taxes.
Totals		\$12,123.66	\$ 11,925.94	\$ 197.72	

As described in the table above, the Village failed to record the motor vehicle prorated allocation received from the County as a motor vehicle tax, but instead recorded the amount as a property tax. Additionally, the Village failed to reduce the motor vehicle receipts by the correct fees. The County collects a VTRSRM fee, which is related to the motor vehicle taxes. Instead of reducing the motor vehicle taxes for this fee, the Village reduced the amount recorded as property taxes.

Neb. Rev. Stat. § 60-3,190(6)(c) (Neb. Laws 2018, LB 909, § 68) states the following:

All receipts by counties and municipalities from the Motor Vehicle Fee Fund shall be used for road, bridges, and street purposes.

Because the use of the motor vehicle funds is restricted by statute, those funds should be recorded in the Street Fund to ensure statutory compliance.

Other Inaccurate Accounting Entries

The APA compared each bank accounts' deposit and check amounts with the Village's debits and credits from its accounting system. For the General Bank Account, the following transactions were included as reconciling items:

Description	Deposits and Credits	Checks and Debits	Description
		\$ 1,860.43	10/31/16 QB entry of \$15,998.01 was \$1,860.43 too high
November deposits in QB don't match bank	\$ 2,369.85	\$ (0.10)	12/2/16 deposit correction on bank not in books
12/1/16 Ask Marcia account	\$ 365.92	\$ 1,306.85	12/30/16 Ask Marcia account
December deposits in QB don't match bank	\$ 431.41		
	\$ 3,167.18	\$ 3,167.18	

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS
(Continued)

1. **Village Accounting Processes** (Concluded)

The table above shows an error made in the accounting system on October 31, 2016. The amount recorded in the accounting system was \$1,860.43 more than the actual amount. The remaining entries appear to be adjustments to compensate for that original error, as the errors net to zero.

Duplicate Payment

The APA tested four payments made to vendors for the same amount. It appears that one of the payments may have been made twice. The Village was unable to provide documentation to support these expenses; therefore, the APA could not verify whether the payments were duplicative. See the following table for the possible duplicate transaction:

Account	Type	Date	Check #	Name	Class	Original Amount
3600 Capital Outlay	Check	9/5/2017	18526	Removed by APA	Governmental Funds:01 General	\$ 3,000.00
3600 Capital Outlay	Check	9/13/2017	18527	Removed by APA	Governmental Funds:01 General	\$ 3,000.00

Based on the information provided above, it is clear the Village lacked the ability to record accurately its accounting transactions.

Good internal control requires procedures for ensuring that the financial information of the Village is properly recorded. Without such procedures, there is an increased risk for loss, misuse, or theft of Village funds.

We recommend the Board ensure personnel assigned to record the Village’s accounting transactions possess the necessary skills to carry out the functions of the office. Furthermore, we recommend the Board implement increased monitoring procedures to ensure its financial information is accurate. The Board should ensure the following:

- Personnel hired by the Board possess the necessary skills to perform their job responsibilities;
- Accurate bank reconciliations are completed monthly;
- A method to allocate general, administrative-type expenses, including the Clerk’s pay, is documented and approved;
- All transactions are properly recorded to the correct account;
- All expenses are recorded to the correct classes, including bonds, debt payments, and motor vehicle taxes;
- The use of a discrepancy account in the accounting system is discontinued;
- Possible duplicate payments are recovered; and
- All errors identified in this report are corrected in the accounting system.

Village Response: The Village of Greenwood respectfully accepts the findings in your report. We appreciate the oversight and welcome your suggestions on ways we can improve. We have already started taking corrective action and hope to have the issues resolved soon.

The Village of Greenwood would like to thank the Auditor of Public Account’s staff that were assigned to our Village with regard to their patience and courtesy exhibited during this time.

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS
(Continued)

2. Lack of Documentation to Support Expenses

The Village lacked adequate documentation to support a number of its expenses. The APA selected a sample of 15 disbursements of funds. The APA determined that none of the payments tested were included in the published meeting minutes, as required by State statute. The APA also noted the following for each document tested:

#	Date	Type	Vendor	Amount	Description
1	1/13/2017	Check	OPPD	\$ 39,938.26	There were two invoices for this payment. One of the invoices included \$35.43 in sales tax, and the other did not include sales tax.
2	12/15/2016	Check	Crouch Recreation	\$ 126,558.00	The Village failed to provide documentation supporting the bids received for this project. The APA could not determine if proper bidding procedures were utilized. The Village failed to provide its equipment listing, so the APA could not determine if this equipment was included.
3	7/28/2017	Check	PeopleService, Inc	\$ 5,889.59	This is a monthly agreement for water and wastewater services. The Village failed to provide the formal agreement with the vendor.
4	10/13/2016	Check	Kriz-Davis Co.	\$ 38,331.21	The Village was unable to locate the documentation to support this expense, so it contracted the vendor to obtain the invoices. The Village provided meeting minutes that indicated the bid from the vendor was accepted; however, the minutes did not identify the amount of the bid or any of the other bidders. Therefore, the APA could not determine if the purchase was properly bid.
5	6/1/2017	Check	Rembolt Ludtke LLP	\$ 6,048.00	The Village failed to provide documentation to support this expense.
6	10/13/2016	Check	Spickelmier & Son Inc	\$ 29,524.50	The Village failed to provide documentation to support this expense. The Village provided meeting minutes that indicated the bid from the vendor was accepted; however, the minutes did not identify the amount of the bid or any of the other bidders. Therefore, the APA could not determine if the purchase was properly bid.
7	3/30/2017	Check	Miller Monroe Farrell	\$ 25,668.00	The Village failed to provide adequate documentation to support this insurance expense. The expense was charged entirely to the general fund and was not allocated among the other funds.
8	2/24/2017	Check	HBE Becker Meyer Love LLP	\$ 18,030.00	The Village failed to provide adequate documentation to support this expense. The invoice provided lacked a date, invoice number, or other documentation. The expense was charged entirely to the General Fund and was not allocated among the other funds.
9	12/15/2016	Check	Utilities Service Group	\$ 25,192.01	The claim was not recorded in meeting minutes.
10	11/15/2016	Check	Fiala's Truck Repair	\$ 1,851.00	The expense was charged entirely to the General Fund, and a later journal entry allocated the expense between the Village's funds. This particular expense should have been charged to the Fire Fund – as the services were performed on the fire trucks of the Rural Fire Dept. Additionally, because the claim was not included in the published Board minutes, the APA could not determine if the expense was Board approved and in compliance with Neb. Rev. Stat. § 49-14,101.01 (Reissue 2010).
11	1/6/2017	EFT	Amazon	\$ 625.90	The Village failed to explain the difference between the invoice amount of \$652.72 and the amount paid. Sales taxes were paid, which totaled \$39.85. The funds were initially unclassified in the accounting system, and a journal entry had to be made at the end of the year to allocate the expense to the various Village funds.
12	4/7/2017	EFT	Amazon	\$ 183.99	The funds were initially unclassified in the accounting system, and a journal entry had to be made at the end of the year to allocate the expense to the various Village funds.
13	2/2/2017	Check	Menards	\$ 177.51	The funds were initially unclassified in the accounting system, and a journal entry had to be made at the end of the year to allocate the expense to the various Village funds.
14	12/1/2016	DEBIT		\$ 35,000.00	The Village failed to provide any documentation to support this expense. A memo in the accounting system stated, "Purchased an auto cart for transporting patients. Per text with Marcia Fiala." The APA determined the amount from the Rescue Account was transferred to the General Account, but no other information was provided. The APA could not determine if bidding requirements were met.
15	7/6/2017	WIRE	(Bond Payment)	\$ 30,000.00	Payment not in meeting minutes.

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Lack of Documentation to Support Expenses** (Continued)

Neb. Rev. Stat. § 17-714(1) (Supp. 2017) requires the following of claims paid by the Village:

All liquidated and unliquidated claims and accounts payable against a city of the second class or village shall (a) be presented in writing, (b) state the name and address of the claimant and the amount of the claim, and (c) 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.

Any such information provided should be properly maintained and on file with the Village.

As noted above, the Village failed to comply with the provisions of State statute because it did not include the detailed information regarding each claim presented for payment. Neb. Rev. Stat. § 19-1102 (Supp. 2017) states, in relevant part, the following:

It shall be the duty of each village or city clerk in every village or city having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the village or city board, council, or commission within thirty days after any meeting of the board, council, or commission. The publication shall be in a newspaper in or of general circulation in the village or city, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. . . .

Public officials and employees are not allowed to use the Village office for financial gain, other than for compensation provided by law. Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2010) states the following:

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.

Because the approved claim information was not included in the meeting minutes, the APA is unable to determine if the payments issued by Marcia Fiala, the former Village Clerk, to Fiala's Truck Repair, a business owned by her husband, were authorized by the Board and, therefore, lawful.

Good internal control requires procedures to ensure that all expenses are supported by adequate documentation and agree to amounts paid. Those same procedures should ensure also compliance with State law pertaining to the proper use of public office. Without such procedures, there is a risk for loss or misuse of Village funds.

We recommend the Village implement procedures to ensure adequate documentation is on file to support all claims paid, in accordance with statutory requirements, and the publication of the official proceedings of each Village Board meeting comply with provisions of State statute, including providing a list of all claims allowed. We also recommend the Village implement procedures to ensure bidding requirements are followed and that bid documentation is properly maintained, sales taxes are not paid, and adequate documentation is on file to support all expenses. Finally, we recommend the Village implement a procedure for equitably allocating administrative expenses to its various funds.

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS
(Continued)

2. **Lack of Documentation to Support Expenses** (Concluded)

Village Response: Please see response in Comment and Recommendation #1.

3. **Customer Utility Account Testing**

The Village lacked procedures for ensuring that amounts billed to and collected from its utility customers were accurate and in accordance with Village ordinances. The APA selected a total of 10 customers to test, 5 each from two different months. The sample included three commercial customers with 12 separate accounts. Therefore, a total of 19 accounts were reviewed. The APA found the following issues with 5 of the 10 customers and 10 of the 19 accounts:

APA Customer #	Account #	Amount	Description
1	122	\$ 25.65	The Village charged a penalty in the amount of \$25.65 to this account in December 2016. At that time, the total outstanding balance was \$388.30. The Village's utility resolution calls for a penalty amount of 10% of the outstanding charges for electrical service. The Village was unable to provide documentation from the old utility system to verify the outstanding electrical balance; therefore, the APA could not determine if the penalty amount assessed was accurate.
2	166	\$ 977.97	In December 2016, the Village reversed a penalty charged to this account totaling \$542.65. The Village lacked documentation to support the penalty reversal. Additionally, this account was charged the commercial base rate of \$52.77 for water but did not have a water usage charge based on consumption. The account also did not have a sewer charge. Finally, the customer was charged only for 20,000 Kwh of electricity but used 23,800 Kwh. The charge for the additional 3,800 Kwh should have been \$382.55.
2	163	\$ 60.49	In December 2016, the Village reversed a penalty charged to this account totaling \$60.49. The Village lacked documentation to support the penalty reversal.
2	164	\$ 137.17	In December 2016, the Village reversed a penalty charged to this account totaling \$84.40. The Village lacked documentation to support the penalty reversal. Additionally, this account was charged the commercial base rate of \$52.77 for water but did not have a water usage charge based on consumption. The account also did not have a sewer charge.
2	165	\$ 5,818.02	In December 2016, the Village reversed a penalty charged to this account totaling \$200.10. The Village lacked documentation to support the penalty reversal. Additionally, this account was charged the commercial base rate of \$52.77 for water but did not have a water usage charge based on consumption. The account also did not have a sewer charge. The APA also determined the Village failed to bill the account for June 2017. The original June 2017 bill was reversed, as it was extremely high. However, the account was not rebilled for the month. Finally, the customer was charged only for 20,000 Kwh of electricity but used 75,280 Kwh. The charge for the additional 55,280 Kwh should have been \$5,565.15.
2	10246	\$ 502.64	In December 2016, the Village reversed a penalty charged to this account totaling \$27.47. The Village lacked documentation to support the penalty reversal. Finally, the customer was only charged for 20,000 Kwh of electricity but used 24,720 Kwh. The charge for the additional 4,720 Kwh should have been \$475.17.

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS
(Continued)

3. **Customer Utility Account Testing** (Continued)

APA Customer #	Account #	Amount	Description
7	1151001	unknown	This account had a balance at the end of June, July, and August 2017; however, no penalty amounts were assessed.
8	1139001	\$ 541.55	This account was not charged the \$10 per month commercial fee. The customer was charged only for 20,000 Kwh of electricity but used 25,280 Kwh. The charge for the additional 5,280 Kwh should have been \$531.55.
8	1138001	\$ 0.34	The account was assessed the residential electricity consumption rate of .1169, instead of the commercial consumption rate of .2312.
9	1026001	unknown	This account had a balance at the end of July and August 2017; however, no penalty amounts were assessed.
Total		\$ 8,063.83	

Note: The total amount included in this table is an estimate only, as some of the amounts in question were unknown or were not calculated.

The APA also noted that some customers’ billing accounts included a factor upon which the usage was multiplied. There was no documentation to support the factor included in the billing system. So the APA was unable to determine the accuracy of the billing.

Based on the testing completed by the APA, the Village failed to appropriately bill 5 of the 10 customers tested, resulting in over \$8,000 in unsupported, uncollected, or inadequately documented utility charges, when compared with the utility ordinances provided.

The Village’s Municipal Code, Chapter 7, governs public utilities. Section 7-101 authorizes the Village Board to set rates, as follows:

The Village Board is authorized to establish by ordinance such rates for water, sewer and electrical service as may be deemed fair and reasonable.

Section 7-102(A) addresses the penalty assessed for delinquent utility payments:

Charges for water, sewer and electrical services shall be billed jointly on a monthly basis. Utility bills shall be mailed on or about the 1st day of each month, and shall be due and payable by the 15th day of each month. Bills not paid by the 15th day of each month shall be deemed to be delinquent and shall have a penalty charged added thereto in the amount of 10% of the outstanding charges for electrical service.

The Board set the following water rates in Board Resolution 13-6, dated September 24, 2013:

Commercial Customer Base Rate	\$52.77
Rural Residential Customer Base Rate	\$55.02
Residential Customer Base Rate	\$41.52
Water usage \$3.09 per thousand gallons used over the first 3500 gallons monthly.	

The Village’s \$29 sewer rate was set by Board Resolution 15-13, dated October 14, 2015.

On January 13, 2016, the Board approved Village Ordinance 452, which authorizes a 4% increase in electrical rates. The electrical rates in effect at the time were set by Board Resolution 13-5, dated September 24, 2013. Key provisions from that resolution include the following:

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS

(Continued)

3. **Customer Utility Account Testing** (Concluded)

RESIDENTIAL SERVICE	
Customer Service Charge	\$5.00/month
First 500 Kwh/month	@\$.1124
Next 500 Kwh/month	@\$.0926
Over 1,000 Kwh/month	@\$.0849

4% increase:
$\$.1124 * 1.04 = \$.116896$
$\$.0926 * 1.04 = \$.096304$
$\$.0849 * 1.04 = \$.088296$

COMMERCIAL SERVICE / NO DEMAND MOTOR	
Customer Service Charge	\$10.00/month
First 500 Kwh/month	@\$.2223
Next 500 Kwh/month	@\$.1233
Over 1,000 Kwh/month	@\$.1168
Over 2,000 Kwh/month	@\$.1039

4% increase:
$\$.2223 * 1.04 = \$.231192$
$\$.1233 * 1.04 = \$.128232$
$\$.1168 * 1.04 = \$.121472$
$\$.1039 * 1.04 = \$.108056$

SINGLE PHASE & THREE PHASE / DEMAND MOTOR	
Total Computation Formula	
"Demand" Plus Kwh consumed	
"Demand" KW x Rate x Potential Factor	
Summer Rate	\$2.50 June, July, August, September
Winter Rate	\$1.25 January, February, March, April, May, October, November, December

4% increase:
$\$2.50 * 1.04 = \2.60
$\$1.25 * 1.04 = \1.30

KWH DETERMINATION	
Customer Service Charge	\$10.00/month
First 1,000 Kwh/month	@\$.1463
Next 4,000 Kwh/month	@\$.1035
Over 5,000 Kwh/month	@\$.0995
Over 10,000 Kwh/month	@\$.0968

4% increase:
$\$.1463 * 1.04 = \$.152152$
$\$.1035 * 1.04 = \$.10764$
$\$.0995 * 1.04 = \$.10348$
$\$.0968 * 1.04 = \$.100672$

Good internal control requires procedures for ensuring that utility amounts are calculated and billed in accordance with the Board-approved ordinances or resolutions. Without such procedures, there is a risk for loss or misuse of Village funds.

We recommend the Board implement procedures to ensure the amounts billed to the Village's utility customers are accurate and in accordance with the approved ordinances and resolutions.

Village Response: Please see response in Comment and Recommendation #1.

4. **Clerk Pay**

The APA determined that the Clerk was overpaid by more than \$1,000 during the period October 1, 2016, through September 30, 2017. The APA's comparison of the Clerk's actual pay to that authorized by the Board is shown in the table below:

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS
(Continued)

4. Clerk Pay (Continued)

CHECK DATE	GROSS PAY	AUTHORIZED PAY	VARIANCE
10/14/2016	\$ 2,340.00	\$ 1,740.00	\$ -*
10/28/2016	\$ 1,440.00	\$ 1,440.00	\$ -
11/11/2016	\$ 1,740.00	\$ 1,740.00	\$ -
11/25/2016	\$ 1,368.00	\$ 1,440.00	\$ (72.00)
12/9/2016	\$ 1,440.00	\$ 1,740.00	\$ (300.00)
12/23/2016	\$ 1,440.00	\$ 1,440.00	\$ -
1/3/2017	\$ 1,783.20	\$ 1,740.00	\$ 43.20
1/20/2017	\$ 1,440.00	\$ 1,440.00	\$ -
2/3/2017	\$ 2,880.00	\$ 1,740.00	\$ 1,140.00
2/17/2017	\$ 720.00	\$ 1,440.00	\$ (720.00)
2/21/2017	\$ 300.00	\$ -	\$ 300.00
3/3/2017	\$ 1,740.00	\$ 1,740.00	\$ -
3/17/2017	\$ 1,440.00	\$ 1,440.00	\$ -

CHECK DATE	GROSS PAY	AUTHORIZED PAY	VARIANCE
3/31/2017	\$ 1,440.00	\$ 1,440.00	\$ -
4/14/2017	\$ 1,740.00	\$ 1,740.00	\$ -
4/28/2017	\$ 1,440.00	\$ 1,440.00	\$ -
5/12/2017	\$ 1,740.00	\$ 1,740.00	\$ -
5/26/2017	\$ 1,440.00	\$ 1,440.00	\$ -
6/09/2017	\$ 1,740.00	\$ 1,740.00	\$ -
6/23/2017	\$ 1,440.00	\$ 1,440.00	\$ -
7/07/2017	\$ 1,740.00	\$ 1,740.00	\$ -
7/21/2017	\$ 1,440.00	\$ 1,440.00	\$ -
8/04/2017	\$ 2,388.00	\$ 1,740.00	\$ 648.00
8/16/2017	\$ 1,483.20	\$ 1,483.20	\$ -
9/01/2017	\$ 1,783.20	\$ 1,783.20	\$ -
9/15/2017	\$ 1,483.20	\$ 1,483.20	\$ -
9/29/2017	\$ 1,483.20	\$ 1,483.20	\$ -
TOTALS	\$ 42,852.00	\$ 41,212.80	\$ 1,039.20

*An extra \$600 for health insurance payment was included on this paycheck due to missed payments in the prior fiscal year.

The Clerk was apparently authorized to receive \$18 per hour upon her hire in January 2016. In May 2017, the Board approved a 3% raise and changed the position of Clerk from an hourly to a salaried employee. However, a formal resolution providing for the Clerk’s increased pay was not approved until July 26, 2017, and was effective 15 days after the resolution was signed.

Good internal control requires procedures for a proper review of payroll amounts to ensure that all employee payments are authorized. Without such procedures, there is a risk for loss or misuse of Village funds.

We recommend the Village recover the overpayments to the Clerk. The Village should also implement procedures to ensure the amounts paid to all employees are authorized, and a proper review is conducted of all such payments.

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS
(Continued)

4. Clerk Pay (Concluded)

Village Response: Please see response in Comment and Recommendation #1.

5. Lack of Internal Controls

The Village lacked several key internal controls during the audit period, as follows:

- A lack of segregation of duties existed, as one individual, the Clerk, controlled all aspects of the financial accounting processes, and the Board lacked adequate reviews to ensure all payments were authorized and all transactions were properly recorded.
- Checks received by the Village were not deposited timely. The following table shows a list of checks received from the County and the dates of deposit:

Month	Total	Date Check Required to be Written	Deposit Date
Sept. 2016	\$ 8,271.94	10/15/2016	11/18/2016
Oct. 2016	\$ 3,326.19	11/15/2016	12/2/2016
Nov. 2016	\$ 4,054.24	12/15/2016	1/4/2017
Dec. 2016	\$ 6,015.99	1/15/2017	1/27/2017
Jan. 2017	\$ 18,865.43	2/15/2017	3/2/2017
Feb. 2017	\$ 5,841.85	3/15/2017	4/21/2017
Mar. 2017	\$ 22,106.98	4/15/2017	4/21/2017
Apr. 2017	\$107,386.49	5/15/2017	5/19/2017
May 2017	\$ 12,292.27	6/15/2017	7/13/2017
June 2017	\$ 6,935.45	7/15/2017	8/31/2017
July 2017	\$ 17,435.08	8/15/2017	8/31/2017
Aug. 2017	\$ 85,092.44	9/15/2017	10/27/2017

County treasurers are required by statute to pay all funds collected or received for the Village on or before the 15th day of each month.

Good internal controls would require deposit be made to the bank on a weekly basis, if not more often. Based on the dates identified in the table above, the Village is clearly not making deposits timely.

- Receipts are not issued for all monies received, such as donations, rental fees, etc.
- On the date of the cash count, October 11, 2018, the checks on hand in the Village office were not properly endorsed “For Deposit Only.” The total amount of checks on hand was \$107,358.37.
- Authorization for the petty cash fund could not be located.
- Currently, the Village Clerk does not sign checks, as required by statute.
- The Village could not provide documentation that time cards of its employees were approved.

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS

(Continued)

5. **Lack of Internal Controls** (Continued)

- There is no documentation that a Board member not involved in the payroll process has reviewed the payroll reports.
- The current Clerk was unable to provide the Village's fixed asset policy and lacked knowledge regarding any of the fixed asset procedures.
- The Board failed to provide proper training for its new Clerks.

The Village should ensure that receipts are provided for all monies received. Neb. Rev. Stat. § 17-606(1) (Supp. 2017) sets out the duties of the Village Treasurer – which, in this case, are handled by the Clerk. That statute provides, in relevant part, the following:

The treasurer of each city of the second class or village shall be the custodian of all money belonging to the city or village. He or she shall keep a separate account of each fund or appropriation and the debts and credits belonging thereto. He or she shall give every person paying money into the treasury a receipt for such money, specifying the date of payment and on what account paid. He or she shall also file copies of such receipts with his or her monthly reports, and he or she shall, at the end of every month, and as often as may be required, render an account to the city council or village 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. . . .

(Emphasis added.) Furthermore, the Village Clerk is required by statute to sign checks. Neb. Rev. Stat. § 17-711 (Supp. 2017) states the following:

All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village 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.) Good internal control requires procedures to ensure a proper segregation of duties, so no one individual is in a position both to perpetrate and to conceal errors or irregularities. Those same procedures should ensure also that other accounting and record-keeping concerns addressed in this comment are resolved appropriately. Without such procedures, there is an increased risk for loss, misuse, or theft of Village funds.

We recommend the Village implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities. This would include the following:

- A Board member, or a separately designated individual, should review the monthly bank statements, obtained directly from the bank, for any discrepancies with approved claims. (This may be done via electronic access to bank statements online.)
- A review should be performed to ensure that actual amounts paid (per bank statements) agree to the claim amounts approved by the Board, and no unauthorized adjustments were made.

VILLAGE OF GREENWOOD

COMMENTS AND RECOMMENDATIONS

(Concluded)

5. Lack of Internal Controls (Concluded)

We also recommend the Board ensure receipts are issued for all monies received, and the Clerk is one of the signers on all warrants, in compliance with statute.

We recommend the Board take the following action: 1) re-authorize its petty cash fund, including the amount; 2) implement procedures to ensure all checks to the Village are properly endorsed upon receipt; 3) document the approval of time cards and payroll reports; and 4) ensure a fixed asset policy and procedures exist.

Finally, we recommend the Board ensure that the Clerk is provided with the training needed to understand and carry out the functions of the office.

Village Response: Please see response in Comment and Recommendation #1.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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VILLAGE OF GREENWOOD

INDEPENDENT ACCOUNTANT'S REPORT

Village of Greenwood
Greenwood, Nebraska

We have examined the accompanying Schedule of Bank Activity of the Village of Greenwood (Village) for the period October 1, 2016, through September 30, 2017. The Village's management is responsible for the Schedule of Bank Activity based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Bank Activity based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Bank Activity is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Bank Activity. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Bank Activity, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Bank Activity for the period October 1, 2016, through September 30, 2017, is based on the accounting system and procedures prescribed by the Village, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies and material weaknesses in internal control; instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement; and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Bank Activity is presented in

accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Bank Activity or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

This report is intended solely for the information and use of management, others within the Village, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

October 23, 2018

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

VILLAGE OF GREENWOOD
SCHEDULE OF BANK ACTIVITY
FOR THE PERIOD OCTOBER 1, 2016, THROUGH SEPTEMBER 30, 2017

Financial Institution	Account Owner per Bank	Beginning Balance at 10/1/2016	Interest Earned	Deposits	Withdrawals	Ending Balance at 9/30/2017
Pinnacle Bank	Village of Greenwood NE General Account	\$ 756,863.45	\$ 1,828.04	\$1,390,824.17	\$1,558,247.36	\$ 591,268.30
Pinnacle Bank	Village of Greenwood NE Debt Account	\$ 97,649.56	\$ 270.02	\$ 72,000.00	\$ 33,897.50	\$ 136,022.08
Pinnacle Bank	Village of Greenwood NE Street Account	\$ 44,678.65	\$ 48.66	\$ 81,632.21	\$ 27,782.50	\$ 98,577.02
Farmers & Merchants Bank	Village of Greenwood Rescue Squad Account	\$ 77,937.00	\$ 53.35	\$ 34,545.42	\$ 54,105.87	\$ 58,429.90
Horizon Bank	Village of Greenwood Keno Account	\$ 33,229.79	\$ 11.44	\$ 10,073.58	\$ 4,566.00	\$ 38,748.81
Horizon Bank	Village of Greenwood Keno Reserve Account	\$ 12,016.47	\$ 4.66	\$ 6,398.77	\$ 1,645.02	\$ 16,774.88
Horizon Bank	Village of Greenwood Utility Deposits	\$ 53,164.79	\$ 25.97	\$ 5,175.00	\$ 575.00	\$ 57,790.76
Great Western Bank	Village of Greenwood	\$ 63,355.66	\$ 63.15	\$ 0.00	\$ 0.00	\$ 63,418.81
Totals		\$1,138,895.37	\$ 2,305.29	\$1,600,649.15	\$1,680,819.25	\$1,061,030.56
			\$1,602,954.44			

The accompanying notes are an integral part of the schedule.

VILLAGE OF GREENWOOD

NOTES TO THE SCHEDULE

For the Period October 1, 2016, through September 30, 2017

1. Criteria

The financial information used to prepare the Schedule of Bank Activity (Schedule) for the Village of Greenwood (Village), Nebraska, was obtained from the Village bank statements received directly from the banks. Interest and deposits are shown as additions while deductions are shown as withdrawals on the Schedule.

2. Reporting Entity

The Village is a governmental entity established under and governed by the laws of the State of Nebraska (State) located in Cass County, Nebraska. The Village is managed by a Board of Trustees that exercises control over activities that are relevant to the operations of the Village. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, and primary responsibility for related fiscal matters.

As a political subdivision of the State, the Village is exempt from State and Federal income taxes. The Schedule includes all bank activity of the Village. The Schedule does not include those transactions that did not post to the bank that may have been dated within the period tested. The APA was provided the Village bank accounts from the banks listed in the Schedule.

3. Funding and Deposits

The Village received funding from State and local government sources and must comply with the requirements of these funding sources. In addition to these funding sources, the Village also receives resident utility fees on a regular basis. Other occasional funding is received from donations and rental of Village facilities.

The Village has invested monies on deposit in certain Demand and Savings accounts. The interest earned on these funds is recorded in the bank activity of the Village.

All of the deposits were covered by the Federal Deposit Insurance Corporation (FDIC) insurance, or additional pledged securities.

4. Outstanding Village Loans

The Village had the following loans outstanding as of September 30, 2017:

Debt	Balance 2016	Additions	Reductions	Balance 2017	Due Within One Year
(a) Series 2015 Hwy Allocation bonds	\$ 395,000.00		\$ 30,000.00	\$365,000.00	\$ 25,000.00
(b) Promissory note, bank	\$ 30,000.00		\$ 30,000.00	\$ 0.00	\$ 0.00
(c) Promissory note, bank	\$ 185,856.00		\$ 23,899.00	\$161,957.00	\$ 22,492.00
(d) Truck Loan, bank	\$ 13,100.00		\$ 13,100.00	\$ 0.00	\$ 0.00
(e) Series 2014 Revenue bonds	\$ 275,000.00		\$ 30,000.00	\$245,000.00	\$ 30,000.00
(f) Series 2015 Revenue bonds	\$ 145,000.00		\$ 20,000.00	\$125,000.00	\$ 15,000.00
(g) Municipal loan	\$ 0.00	\$135,000.00	\$ 55,280.00	\$ 79,720.00	\$ 79,720.00
Totals	\$1,043,956.00	\$135,000.00	\$202,279.00	\$976,677.00	\$172,212.00

VILLAGE OF GREENWOOD

NOTES TO THE SCHEDULE

(Continued)

4. Outstanding Village Loans (Concluded)

- (a) On March 3, 2015, the Village issued \$420,000 of Highway Allocation bonds to redeem the 2010 Highway Allocation bonds. The bonds call for annual principal payments each January 15, beginning January 15, 2016. Semi-annual interest payments are due each July 15 and January 15. Interest varies from .45% to 2.8%. Final payment of the bonds is due January 15, 2029. The bonds are payable solely from highway allocation funds. The refunding resulted in an economic gain of \$61,233.
- (b) A promissory note, dated July 1, 2015, was issued to refinance the promissory note dated July 1, 2013. The original amount was \$30,000, with the principal payable on July 1, 2017. The note calls for semi-annual interest only payments on January 1 and July 1. Interest is stated at 1%.
- (c) A promissory note, dated July 11, 2014, was issued to fund the Community Center improvements. The maximum loan amount is \$210,000, with a maturity period of nine years. Monthly interest-only payments are due until November 2015, at which time the note will convert to semi-annual principal and interest payments due on December 15th and June 15th of each year for the remaining life of the loan. Interest is fixed at 4.5% for the first 60 months and will adjust to national prime plus 1.25% for the remaining term of the loan. The loan will be funded through tax increment financing revenues.
- (d) A note payable, dated November 20, 2015, was issued to purchase a vehicle of the Village. The original amount was \$13,100 and is payable in annual installments beginning November 1, 2016, including interest at 4.89%. The note is secured by the vehicle. The loan was equally allocated to the Street, Water, Sewer, and Electric Funds.
- (e) On April 4, 2014, the Village issued \$335,000 of General Obligation Refunding bonds to redeem the Series 2009 General Obligation Water bonds. The bonds call for annual principal payments each October 1, beginning October 1 2014. Semi-annual interest payments are due each April 1 and October 1. Interest varies from .4% to 3%. Final payment of the bonds is due October 1, 2023. The bonds are payable solely from revenue and earnings derived from water usage fees. The refunding resulted in an economic gain of \$28,438.
- (f) On July 1, 2015, the Village issued \$155,000 of General Obligation Refunding bonds to redeem the Series 2010 General Obligation Water bonds. The bonds call for annual principal payments each October 1, beginning October 1, 2015. Semi-annual interest payments are due each April 1 and October 1. Interest varies from .4% to 2.75%. Final payment of the bonds is due October 1, 2024. The bonds are payable solely from revenue and earnings derived from water usage fees. The refunding resulted in an economic gain of \$9,564.
- (g) On December 2, 2016, the Village obtained a \$135,000 loan from Pinnacle Bank. The interest rate was 4.5%. The purpose was for construction of the playground. One payment of \$135,000 was due on April 2, 2017. On March 27, 2017, the terms of the agreement changed to a current principal balance of \$80,000 due on August 2, 2017. The loan was paid off in December 2017.

VILLAGE OF GREENWOOD

NOTES TO THE SCHEDULE

(Continued)

5. Operating Lease

The Village had an operating lease for a copier.

- **Retirement**

On January 1, 2013, the Village implemented a retirement plan in the form of a Simple IRA to all eligible, full-time employees. The Village makes a matching contribution to each employee account up to 3% of the employee's annual compensation. None of the Village's employees contributed to the retirement account during the fiscal year.

- **Subsequent Events**

The Village Clerk terminated her employment in February 2018. The current Clerk was hired in June 2018.

Subsequent events have been evaluated through the audit report date, the date that the financial statements were available to be issued.

VILLAGE OF GREENWOOD

SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Schedule of Bank Activity. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Bank Activity, and, accordingly, we express no opinion on it.

VILLAGE OF GREENWOOD

Exhibit A

Village of Greenwood
Profit & Loss by Class
October 2016 through September 2017

12:28 PM
10/15/2018
Cash Basis

	03 Water	04 Electric	05 Sewer	Total Business-	01 General	02 Street	06 Fire	08 Rescue	10 Library	20 Keno	22 TIF Funds	Governmental	Total Governmental	TOTAL
	(Business-type Activities)	(Business-type Activities)	(Business-type Activities)		type Activities	(Governmental Funds)	(Governmental Funds)	(Governmental Funds)	(Governmental Funds)	(Governmental Funds)	(Governmental Funds)	(Governmental Funds)		
9/30/2016 Beginning Balances	\$ 220,937.03	\$ 220,290.64	\$ 81,537.46	\$ 522,765.13	\$ 101,033.60	\$ 105,843.70	\$ 73,292.82	\$ 97,562.11	\$ 11,416.86	\$ 48,721.26	\$ 190,920.35		\$ 628,790.70	\$ 1,151,555.83
Ordinary Income/Expense														
Income														
Ask Marcia	4,845.15	0.00	0.00	4,845.15	17,639.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,639.34
2010 - Property Tax	34,618.17	0.00	0.00	34,618.17	69,380.99	10,587.91	30,597.96	8,470.19	20,949.97	0.00	0.00	0.00	0.00	139,987.02
2016 - TIF Property Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66,703.27	0.00	0.00	66,703.27
2110 - Highway Allocation	0.00	0.00	0.00	0.00	0.00	71,191.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	71,191.26
2115 - Keno Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,339.58	0.00	0.00	0.00	6,339.58
2120 - Motor Vehicle Fee	0.00	0.00	0.00	0.00	0.00	5,792.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,792.65
2125 - Sales Tax	0.00	0.00	0.00	0.00	0.00	77,763.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	77,763.46
2130 - Incentive - Streets	0.00	0.00	0.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
2195 - Municipal Equalization	0.00	0.00	0.00	0.00	3,311.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,311.54
2220 - Donations	0.00	0.00	0.00	0.00	20.00	0.00	0.00	0.00	138.75	0.00	0.00	0.00	0.00	158.75
2222 - Hall Rental Fee	0.00	0.00	0.00	0.00	490.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	490.00
2230 - Fees, Permits, Licenses	0.00	0.00	0.00	0.00	18,928.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,928.03
2232 - Building Permits	0.00	0.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00
2240 - Repair Reimbursement	0.00	0.00	0.00	0.00	1,641.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,641.70
2291 - Investment Interest	270.02	25.97	0.00	295.99	1,378.70	47.46	0.00	53.25	0.00	11.44	0.00	0.00	0.00	1,490.95
2320 - Rural Board	0.00	0.00	0.00	0.00	0.00	0.00	5,930.00	0.00	0.00	0.00	0.00	0.00	0.00	5,930.00
2350 - Motor Vehicle Tax	0.00	0.00	0.00	0.00	12,435.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,435.55
2400 - Parks & Recreation Income	0.00	0.00	0.00	0.00	40,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00
2470 - Metered Electric Sales	0.00	553,345.00	0.00	553,345.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	553,345.00
2550 - Water Sales	159,897.33	0.00	0.00	159,897.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	159,897.33
2570 - Miscellaneous	0.00	0.00	0.00	0.00	5,781.27	1.20	0.00	0.00	0.00	0.00	42,000.00	0.00	0.00	47,782.47
2580 - Rescue Department Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,134.19	0.00	0.00	0.00	0.00	0.00	34,134.19
2640 - Sewer Fees	0.00	0.00	93,221.87	93,221.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	93,221.87
2700 - Bond/Loan	0.00	0.00	0.00	0.00	135,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	135,000.00
2721 - Grant Proceeds Park Playground	0.00	0.00	0.00	0.00	15,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,000.00
Total Income	199,630.67	553,370.97	93,221.87	846,223.51	321,027.12	166,383.94	36,527.96	42,657.73	21,088.72	6,351.02	108,703.27	0.00	0.00	702,739.76
Gross Profit	199,630.67	553,370.97	93,221.87	846,223.51	321,027.12	166,383.94	36,527.96	42,657.73	21,088.72	6,351.02	108,703.27	0.00	0.00	702,739.76
Expense														
3110 - Wages	1,372.80	5,360.76	1,056.00	7,789.56	38,704.06	20,032.58	0.00	0.00	10,995.66	0.00	0.00	33,516.00	3,249.70	114,498.00
3111 - Overtime Wages	35.10	862.89	26.98	924.97	1,452.76	1,707.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,160.33
3112 - PTO / Vacation Wages	0.00	0.00	0.00	0.00	208.00	1,575.00	0.00	0.00	209.25	0.00	1,440.00	0.00	0.00	3,432.25
3113 - Holiday Wages	0.00	0.00	0.00	0.00	642.38	480.00	0.00	0.00	373.20	0.00	576.00	0.00	0.00	2,071.58
3120 - Trustee Wages	0.00	0.00	0.00	0.00	1,615.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,615.00
3130 - Insurance	0.00	0.00	0.00	0.00	32,207.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32,207.86
3141 - Employee Health Insurance	78.00	45.00	60.00	183.00	2,130.00	2,487.00	0.00	0.00	0.00	1,800.00	0.00	0.00	0.00	6,417.00
3145 - Payroll Expenses	0.00	0.00	0.00	0.00	-125.72	0.00	0.00	0.00	0.00	0.00	0.00	7,617.43	0.00	7,491.71
3150 - Payroll Taxes	113.67	479.53	87.46	680.66	3,425.43	2,624.54	0.00	0.00	869.61	0.00	2,855.92	68.39	0.00	9,843.89
3190 - Miscellaneous Expense	180.00	2,038.43	0.00	2,218.43	540.71	300.00	0.00	0.00	1,040.00	0.00	0.00	0.00	0.00	1,880.71
3210 - Professional & Schooling	0.00	0.00	0.00	0.00	152.78	0.00	3,879.46	500.00	0.00	0.00	0.00	0.00	0.00	4,532.24
3211 - EMS Billing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,407.50	0.00	0.00	0.00	0.00	0.00	4,407.50
3212 - Professional Fees	0.00	0.00	0.00	0.00	45,329.47	0.00	0.00	2,435.00	0.00	0.00	0.00	0.00	0.00	47,764.47
3213 - Engineering	0.00	0.00	344.71	344.71	9,460.30	3,762.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,222.80
3214 - Auditing	0.00	0.00	0.00	0.00	27,198.12	0.00	0.00	391.88	0.00	0.00	0.00	0.00	0.00	27,590.00
3216 - Garbage Service	0.00	0.00	0.00	0.00	1,347.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,347.00
3217 - Law Enforcement	0.00	0.00	0.00	0.00	13,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,600.00
3230 - Mileage	5.81	3.35	4.48	13.64	97.48	0.00	0.00	0.00	323.08	0.00	110.46	0.00	0.00	531.02
3240 - Printing/Publishing	0.00	0.00	0.00	0.00	894.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	894.92
3260 - Utilities	1,187.06	3,879.18	782.61	5,848.85	1,359.22	1,385.92	863.32	0.00	352.58	0.00	0.00	0.00	0.00	9,961.04
3261 - OPPD Electric Bill	0.00	369,302.01	0.00	369,302.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	369,302.01
3265 - Telephone	484.16	484.16	1,100.35	2,068.67	3,226.63	1,235.80	736.93	1,770.62	1,908.33	0.00	0.00	0.00	0.00	8,878.31
3270 - Repair/Maintenance	2,351.91	14,163.65	1,360.57	17,876.13	17,846.22	4,916.76	1,460.17	1,946.37	279.34	0.00	0.00	0.00	0.00	26,448.86
3271 - Rock/Gravel	0.00	0.00	0.00	0.00	0.00	4,671.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,671.67
3272 - Maintenance Contract	59,017.31	0.00	33,825.29	92,842.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	92,842.60
3292 - Dues/Fees	0.00	0.00	0.00	0.00	2,676.00	0.00	0.00	450.00	235.00	0.00	0.00	0.00	0.00	3,361.00
3300 - Utilities Sales Tax Exp.	0.00	50,179.62	0.00	50,179.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,179.62
3310 - Supplies	0.00	22,757.32	0.00	22,757.32	875.26	693.11	2,344.46	6,474.25	137.22	0.00	0.00	0.00	0.00	10,524.30
3320 - Operating Expenses	3,715.05	28,815.10	1,655.34	34,185.49	49,238.64	6,246.55	1,428.13	3,827.73	3,168.45	0.00	0.00	0.00	0.00	63,909.50
3321 - Coop Fuel/Repairs/Supplies	670.43	1,090.43	866.23	2,627.09	1,090.40	1,348.73	2,621.28	448.30	0.00	0.00	0.00	0.00	0.00	5,508.71
3350 - ALS Intercept Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,721.00	0.00	0.00	0.00	0.00	0.00	4,721.00
3400 - Parks & Recreation Expense	0.00	0.00	0.00	0.00	3,114.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,114.58
3540 - Machinery & Equipment/leases	1,425.70	1,263.95	1,263.94	3,953.59	7,511.66	1,263.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,775.61
3550 - Contract Labor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,780.00	0.00	0.00	0.00	0.00	0.00	1,780.00
3600 - Capital Outlay	0.00	0.00	0.00	0.00	245,615.15	0.00	0.00	35,000.00	0.00	0.00	0.00	0.00	0.00	280,615.15
3610 - GO Water Bond Payment	30,000.00	0.00	0.00	30,000.00	0.00	20,000.00	0.00	0.00	0.00	0.00				